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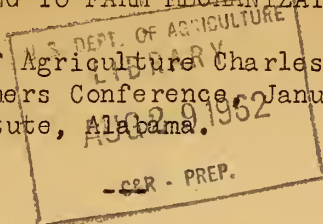
UNITED STATES DEPARTMENT OF AGRICULTURE  
Office of the Secretary

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Jan. 18, 1950

ADJUSTING TO FARM MECHANIZATION

Talk by Secretary of Agriculture Charles F. Brannan at the  
Tuskegee Annual Farmers Conference, January 18, 1:30 p.m.,  
CST, Tuskegee Institute, Alabama.



I am happy to have this opportunity to come to Tuskegee to join with you in your 59th Annual Farmers Conference.

It has been an inspiration to me just to see this great institution which Booker Washington and his successors -- Dr. Moton and Dr. Patterson -- have literally molded out of the soil of Alabama with the help of friends, North and South. I was surprised to learn that students not only constructed most of the buildings on this beautiful campus, but also made the bricks with which they were built.

It must inspire you to come here annually for this important conference and to walk over these grounds that have been hallowed by great leaders such as George Washington Carver, who dedicated his life here to the service of the people. And I know that you will carry back to your homes and communities information which will help you improve your farms and your homes.

I am proud of the privilege of having Dr. Patterson and a Tuskegee trustee, Claude A. Barnett, serve as my special assistants. They take time in their heavy schedules about once a month to keep me advised on your special problems and how the Department of Agriculture can help solve them. They do this, I am sure, out of their genuine interest in your welfare. This is undoubtedly the same spirit which entered into the work of the late Tom Roberts, who has an honored place in the memories of the many people who knew him and his fine accomplishments.

I am happy also to be associated with T. M. Campbell, first colored farm demonstration agent in the United States. He and John W. Mitchell are working untiringly to develop a more effective extension program for you. You know, we had our hands on Mr. Holsey, but somehow we lost him. Perhaps Dr. Patterson can explain

that.

I was reading the life story of Booker Washington the other day, and I recall his account of the first of these Farmers Conferences back in 1892. He described some of the problems which your fathers and grandfathers faced then. For example, there were the problems of acquiring farms of their own, of growing more of their own food at home, of improving their homes, and their local community facilities -- schools, churches, roads, and health services.

I am sure that although you have made notable progress since that first conference, you still are encountering some of the problems that confronted those who attended that first conference. In addition, you have come up against the problem of adjusting to farm mechanization. This did not exist in Dr. Washington's day, but he helped to lay the foundation for farm technology through his wise promotion of more efficient farming methods.

Today, mechanization is well advanced. In the South alone, there are now close to 700,000 farm tractors, or twice as many as there were during the war. Although the decline in net farm income may affect equipment purchases somewhat this year and perhaps next, still we may expect a continued increase in the number of tractors on farms in this and other regions. In fact, the decline in net farm income is an incentive for more efficient farming, which in some cases means mechanization.

The two missing links in the mechanization of cotton production were weeding and harvesting devices. The harvester link is no longer missing. And chemical weed killers, mechanical cotton choppers, the flame cultivator, and cross-cultivation methods -- now in an experimental stage -- give promise of a solution to the weeding problem. As for mechanical harvesters, there were 3,000 pickers, and 6,000 strippers in the fields last fall. This represented an increase of 1,500 pickers over the number in use in 1948. Perhaps, we may expect another 1,500 to 2,000 next year.

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Now, no one deplures the advance of farm technology. Many of our farmers -- white and colored -- have been bowed down by the drudgery and poverty of hand methods for more years than we like to recall. There must be better uses to which we can put our human resources than that of chopping and picking cotton. It is our responsibility to find those uses and to find ways by which some farm people can shift into them with as little difficulty and readjustment shock as possible. It is also our job to find ways to help more farmers make maximum use of mechanized equipment.

Fulfilling these responsibilities entails a great deal of research. Already the Department has several studies under way which we hope will lead to further efficiency in the production and marketing of cotton. This, we think, is basic to the maintenance of adequate market outlets for our cotton.

Let me tell you about some of the cotton research projects we have under way. Here in Alabama, for example, we are conducting a project to try to find out whether weeds along the cotton rows can best be controlled by the use of the mechanical chopper, the flame cultivator, or by the use of chemicals.

Along this same line, studies are being made in California for the purpose of developing a method of properly spacing cotton during the planting process. Out there, they are delinting seed of known germinating qualities so that they may be planted with great precision. These and similar studies offer real hope that the job of chopping cotton can be licked.

Also researchers in this State, Georgia, and North Carolina are studying seedbed preparation, planting methods, and the placement of fertilizer in order to obtain the best results.

Over in Mississippi, research projects are intensifying our efforts to find a way to control plant diseases which affect cotton, and to combat the boll weevil and other insects which attack and destroy much of our cotton crop every year. And studies are being made in several States to try to find ways of increasing the

efficiency of the mechanical cotton picker.

In fact, various studies relating to cotton mechanization are being conducted in 15 States. When these projects are completed, it is likely that the mechanization of cotton production will be well on the way to catching up with that of wheat and corn.

Already, we are far enough along with these projects to predict that within eight or ten years, it may be possible to reduce the number of hours of hand labor required in cotton production to half what they are now.

Also, it may be possible within the same period to cut the number of hours of hand labor required for the production of tobacco, sugarcane, and peanuts by a third.

Thus, within a few years, perhaps as much as 40 percent of the hand-labor force customarily used in crop production in the South may no longer be needed.

As you see, we have a good bit of information about the possible rate of technological advance, especially as it relates to the larger farms in this region, but we have little knowledge as to how small farms may adjust to mechanization. What's going to happen to the farmer who cannot afford a mechanical picker, or even a tractor? Can the tractorless, pickerless farmer remain in cotton production? If not, to what crops should he shift?

There are other questions too: What is going to happen to the people who are no longer needed on the farm? Will there be jobs for them in the towns and cities? And will they be sufficiently trained for the job opportunities which may exist?

I want to devote the rest of my talk to a brief discussion of some of the probable methods by which farm people in the cotton region may adjust to mechanization.

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Let me say at the outset that I don't think there is any real need for alarm. As a matter of fact, many of you already are working out your own solution. However, a complete, over-all answer is going to require considerable thought and planning.

A moment ago I told you about the cotton mechanization research which is under way, and I pointed out that additional research is needed to cover other aspects of the problem -- particularly the adjustment of small farms to technology, and the training and placement of workers no longer needed in agriculture.

First of all, it seems to me, we need an over-all survey of these problem areas to find out what the people are planning for themselves. And then, I think the Government would be in a better position to know where best it can take hold and help the people solve their problems within the framework of their own ambitions. This would be a thousand times better than any ready-made plan handed down.

However, the Department has had some unhappy experience in this field of work and will need the understanding and cooperation of Congress if surveys and studies of this sort are to be undertaken.

In the meantime, however, short of knowing what the people really want for themselves, we must try to move ahead on the basis of certain assumptions. One of these is that some small farmers are going to remain in cotton, adopt mechanization, and take full advantage of the results of the research now under way. A second is that a good many small operators are planning to continue shifting to other crops until they are completely out of cotton. And a third assumption is that underemployed and displaced operators, especially tenants and sharecroppers, are going to seek part-time and full-time farm and nonfarm jobs.

Now let's take this first group -- farmers with, say, less than 50 acres. How can they remain in cotton production? It seems to me that they can do so by finding ways to make use of the advantages of mechanization. Obviously, if they

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try to continue with hand methods, they must be willing to work for an extremely low wage, work the members of their families long hours, and perhaps deny some of their children full educational advantages, because machines are going to set the wage scale. If a flame cultivator can weed 20 acres a day at a cost of a dollar and a half an acre, then hand choppers will find themselves working for a comparable rate of pay.

Well, what are the ways by which they may adjust to the machines? (1) They may buy tractors and some of the other new devices; use them on their farms and do custom work for some of their neighbors; (2) they may be among the farmers who will hire custom work done; or (3) they may join farm machinery cooperatives and share in the use of tractors, flame cultivators, and mechanical pickers. Effective development of this latter method might require additional credit facilities and the appointment of State co-op specialists who could help the farmers organize and manage their cooperatives. A few farm machinery co-ops are already in operation.

The second group of farmers, those who plan to continue shifting to other crops, will need the advice of their county agents and marketing specialists to help them avoid shifting to crops for which the market may be considerably limited within a few years.

Here, in Alabama, I understand that a good many of you are shifting to livestock and dairying. Some of you have done this because your land is better suited to grasses than to cotton. Others of you have made the shift because you have found it more profitable. The bi-weekly milk check gives you a more steady income and enables you to plan better and to live better.

I think that, more and more, farmers in the South who have sufficient acres are going to shift to dairying and livestock raising. I am happy to note that within the last 25 years farmers of the South have increased the proportion of their income from livestock from 12 percent to about 40 percent.

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Although there has been a marked increase in livestock and dairy farming in this region, there is still considerable room for further expansion.

The other day, I was looking over some dairy statistics compiled by Department economists. Their figures showed that of the  $115\frac{1}{2}$  billion pounds of milk produced in the United States in 1948, only 23 billion pounds were produced in the South where nearly a third of our people live.

The farmers of Wisconsin, our leading dairy State, sold more milk in 1948 than did all of the farmers in the South. And what is probably more significant from a standpoint of health, farm people outside the South consumed 18 billion pounds, or three times as much milk as did the farm population of this region.

I have not quoted these figures for the purpose of showing any disparity between States or regions, but rather to point up to you the vast opportunity which exists in the South for dairying.

One factor that has stood in the way of dairy and livestock farming in this region has been the warm climate to which our present broods of cattle are not well adapted. The research people of the Department are trying to breed a milk cow that is more heat-resistant.

In 1946, we imported from India four head of Red Sindhis, a milk producing strain of Brahman cattle. These animals are being crossed with high milk producing Jerseys at our Beltsville, Md., research center. We expect to ship nine second generation calves to Louisiana this year for experimental work. Our aim is to develop a breed of milk cows which will have the heat-resistant characteristics of the Brahman and the milk producing qualities of Jerseys and other native breeds. Similar research is being carried out with beef cattle.

Farmers who do not have sufficient acres to go into dairying may find it profitable to shift to poultry and truck crops. I understand that already many small farmers are growing vegetables commercially as sideline crops to supplement their income from cotton and tobacco. Some of these are sold in carload and truck

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load lots, and some are sold through various retail channels, including curb markets which you have developed.

Whether you are seeking to adopt mechanization, or to shift from cotton to other crops, the programs of the Department offer some measure of aid. Technicians of the Soil Conservation Service will help you determine the capabilities of your land and the best way to use it. You are familiar with the Soil Conservation Districts and the general soil and water conservation program. A farmer of this State, Mr. Elijah Lynum, was acclaimed the No. 1 colored soil conservation farmer of the South last year at the Log Cabin, Ga., Jamboree.

I am sure that you are familiar also with the soil building program of the Production and Marketing Administration. Each year this agency offers you assistance in planting cover crops, building terraces and ponds, and in carrying out other practices designed to help you halt erosion and build up the fertility of your land for whatever crops you may wish to grow.

Now, it's easy enough to talk about shifting from cotton to other crops, but when it comes to buying foundation stock for beef cattle or dairying, or for swine you have to have some money or credit. Also, money is required for fences, pasture development, and seed for feed crops.

Fortunately, many farmers can obtain credit on reasonable terms from the Production Credit Associations and the Federal Land Banks, which are supervised by the Farm Credit Administration of the Department of Agriculture, and the Farmers Home Administration, which is a lending agency of the Department.

No doubt, a good many of you hold membership in your local Production Credit Association, which is a cooperative. Through it, provided that you have some collateral, you may borrow money at a low rate of interest for the operation of your farm, purchase of stock and equipment, or for other production uses.

If you wish to make some permanent improvements, enlarge your farm, or build a barn, you would do well to investigate the cooperative credit of the

## Federal Land Banks.

However, if a farmer does not have sufficient collateral and cannot obtain adequate credit elsewhere, he may apply to the Farmers Home Administration. Within the limit of its funds, this agency makes four types of loans: (1) Loans to veterans, tenants, sharecroppers, and farm laborers for the purchase of farms, (2) loans to marginal farmers for production purposes, (3) loans for repair or rebuilding of homes; and (4) mortgage insurance on loans for the purchase or enlargement of farms.

Since 1937 this agency and its predecessors have made over two million operating loans, and 70,000 ownership loans. At the present time, 186,000 farmers are financing the operation of their farms through FHA, and an additional 43,000 are buying farms of their own through the agency. About 40,000 or 21 percent of these operating loans were made to colored farmers, as were 5,300 or 12 percent of the farm ownership loans.

Rural housing loans are a new feature. Provisions for this program were made in the Housing Act of 1949. I know many of you have been looking forward to such a program for a long time. I hope it helps to speed up the adoption of the low-cash-cost housing program which Tuskegee has taken the leadership in developing.

The rural housing loans will not only make it possible for many eligible applicants to make long needed repairs, but also to build new homes. And landlords may obtain loans to build or repair homes for their tenants.

This year, we are authorized to lend and grant a total of 27 million dollars to help improve rural housing. With these funds, we expect to be able to assist about 13,000 families. Next year's funds for this program may be about double the current authorization.

The program for making housing loans has just been set up. The first loan to a colored farmer for building a new home was made last week in Arkansas.

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Regrettably, however, Farmers Home funds for housing loans, farm purchases, and production aid are far from adequate. The agency has been able to make operating and ownership loans to only a fraction of the eligible farm families who have applied for them. I am going to continue pressing for an additional loan authorization to assist small farmers, especially tenants and sharecroppers who are trying to adjust to mechanization.

Of real value to all farmers is the Department's price support program. You have just voted in a cotton marketing quota referendum to assure a reasonably fair price for this year's crop. Although changes in the law are necessary to make allotments equitable, the basic decision of farmers to save the support program, and to start making production adjustments was a sound choice.

Adequate support prices can help those who wish to remain in cotton, as well as those who are shifting to other crops. They take some of the high risk out of farming by helping to stabilize farm prices. However, under the present law, a number of important commodities that have had mandatory support are no longer on the list for this legally definite assurance. This may retard diversification, because it limits the number of crops to which farmers may shift with any degree of income certainty, and because some of the livestock products that are no longer on the mandatory support list are the very ones that are important in diversification.

The Administration has proposed changes in the price support program which I believe would be of help to farmers who need to shift from cotton to livestock, poultry, and truck crops.

In brief, the proposed program would base the price supports upon a minimum, realistic farm income level, rather than upon some past price level for individual products as is provided for in the present law.

Also, we propose that instead of buying up perishable products, such as meat, milk, and eggs, in order to maintain their prices at a given percentage of



parity, we should allow them to find their supply-demand price level in the market place, and pay farmers the difference between the average price received for their product and the support price.

In this way, consumers would benefit from abundant farm production. As it is now, we can support non-storable crops only by taking them off the market as we do storables and keeping them away from regular consumers. The consumer pays for his own denial through taxes which keep the prices up. Then he pays again over the counter at the grocery store.

I believe that in the long pull, farm legislation must be so constructed that it directly benefits the whole population as well as the farmers. The proposal the Administration has made meets this criterion, and it is especially geared to family-sized farms.

Up to now, I have suggested some ways by which small farmers may adjust to mechanization, and I have tried to show how the limited facilities of the Department may be utilized in this effort. But I have said very little about under-employed farmers, tenants, and sharecroppers who may be displaced, except insofar as I have discussed the program of Farmers Home through which they, too, may obtain loans to acquire farms of their own.

I said a while ago that perhaps as much as 40 percent of the hand-labor now used on Southern farms may not be needed within eight or ten years. Of course, that does not mean that 40 percent of the workers will be displaced. Some of the hand-laborers will be employed to operate the machines, more of the women will have an opportunity to stay home and rear their children, and the children will have more time to spend in school.

But the workers who shift from the handles of plows to the steering wheel of tractors and pickers will need training, as well as those who will leave the farm altogether in search of work in the towns and cities.

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About a month ago, Dr. Neal of this institution and I testified before a Joint Congressional Sub-Committee on Low-Income Families. I think we were pretty much in agreement on probable solutions for some aspects of the problem.

Both of us recognized the need for providing training facilities for those who remain on the farm to operate the machines, as well as for those who will migrate from the farm. Your tractor maintenance short-courses are a step in the right direction. But these should be greatly expanded.

As to training for prospective displacees, I pointed out to the Committee that there is need for a program of job training or retraining, with financial assistance to cooperating industries in the training program. Also, I told the Committee that these families would need assistance in meeting the costs of moving to new job opportunities off the farm, whether they be nearby or hundreds of miles away.

In addition to suggesting to the Committee that these families would need training and transportation aid, I urged the lawmakers to provide subsistence grants to tide new employees and their families over, during the job training period. And of course, behind these efforts, there should be adequate recruitment and placement facilities in areas of heavy agricultural underemployment.

From the long-time view, there is urgent need for more adequate vocational training in public schools to help farm boys and girls equip themselves for nonfarm employment.

In other words, we need an extension of the Tuskegee idea in more rural schools in the South, so that in addition to receiving classical training and preparation for college and the professions, more farm boys and girls will be graduated with marketable skills.

There is a need, too, for some kind of a vocational guidance or adjustment program to tie together all of these activities directed toward assisting under-employed farm people in getting nonfarm jobs. A part of this program would be to

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study the problems of individual low-income farm families seeking assistance and make available to them consultation and advice on possible vocational adjustments.

Now, none of us expects the nonfarm jobs I keep talking about to drop out of the sky. We are going to have to work and plan for them. We must have more industries in this region. The continued expansion of electric power facilities in this, as well as other regions, largely as a result of the Rural Electrification program of the Department, is an important step toward greater industrialization.

Also, it has been proposed for some time -- and a bill was again introduced in the first session of the 81st Congress -- that aid be provided for industrializing underdeveloped areas of our States and Territories. Among other things, the bill would seek to provide employment opportunities for farm people who are being displaced. I strongly favor this action and I hope it soon materializes.

You have reason to wonder how much of what I have been saying about off-farm employment affects you. Of course, you are planning to remain on the farm, and a city job is farthest from your thoughts. But you do want to sell your beef, milk, fruits and vegetables to the folks in town. They will be mighty poor customers without jobs.

Then there are your own children. Even if all of them want to remain on the old home place, is it large enough to provide each of them a full family-sized unit? Remember that with machine power and the drive toward greater and greater efficiency, the family-sized farm is getting larger and larger.

Yes, employment for the low-income farm families -- tenants and sharecroppers -- who may be displaced by machines is important to all of us. And I know that all of us recognize the significance of this aspect of our total problem in developing a broader economy in the region.

All things considered, I think the outlook for effective adjustment of small farms to mechanization in this region is really hopeful. The steps which many of you have already taken in shifting from cotton to other crops, the likelihood that

some small farmers will be able to form machinery cooperatives as has been done in a few communities, and the promise of further industrialization in the region are meaningful signs.

Another important sign is the continued improvement in relationships. To mention only one example: Governor Folsom's heartening Christmas Day message reflects a view that is increasingly widening among the people of this country, South and North.

Members of this Farmers Conference, the machine is going to make for many changes. I think it is extremely fortunate that as we approach the peak of an agricultural and industrial revolution in this region, you are beginning to have the opportunity to take a larger part in the processes of democracy. Your voice will need to be heard in the planning, and your skill and energy and your resources will certainly be needed for the full development and maintenance of the new and broader economy which will bring with it a more satisfactory standard of living for you and for the Nation.

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Feb. 14, 1950

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Talk by Secretary of Agriculture Charles F. Brannan at Annual Convention of North Carolina Farm Bureau Federation, Raleigh, North Carolina, February 14, 1950, 10:00 a.m.

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It's a real pleasure for me to be here in Raleigh on this Valentine Day.

This is a good day for a heart-to-heart talk.

I even dare to hope that my presence at this meeting may be a little bit significant. Valentine Day or not, the time for frank, heart-to-heart exchanges of viewpoint among all of us who are interested in farm problems can no longer be delayed.

So I welcome particularly the generous spirit of your invitation. It is heartening to know that the members of the North Carolina Farm Bureau Federation want to hear all sides of the price support question. I'm glad you are clinging to the right to form and hold your own opinions, refusing to permit the pre-conceived opinions of others to form and hold you.

That's the democratic way to tackle tough problems. It's the American way.

It's a sad fact that recent discussions of the vital price support question have sometimes contributed more to high blood pressure than to broadening points of view. I assure you that I have not wanted this to happen. I have tried extremely hard -- and in the face of some pretty rough treatment -- to keep the discussion to the fundamental issues -- without personalities -- without rancor -- without bitterness.

This remark is not made in the spirit of criticism; it is not intended to cast blame upon anyone. I merely want to call attention to the fact that discussion of price supports has been neither as free nor as calm as the security of agriculture and the welfare of the Nation demand.

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Let me speak plainly. I personally have no pride of authorship in recommendations for improving the price support program. Although I presented certain recommendations for the Administration in fulfillment of my official duties, I have never claimed that these ideas were original with me. On the contrary, I pointed out that the ideas were not new. Although I believe deeply in the proposals, I have never contended that they are the final, complete and only answer to the price support problem.

We have not proposed a hard and fast, take it or leave it, plan -- on the contrary, the Administration proposals invite amendment, improvement, trial runs -- anything, in short, that gives promise of a better support program for the benefit of farmers and all Americans.

The age we live in is too critical -- too uncertain -- for any other approach.

The people of the United States are now endeavoring to adapt their policies to a world that is more turbulent, and faster changing, than any we have known before.

This is true in the international sphere as regards peace. It is true in the domestic sphere as regards prosperity.

And it is true with respect to price supports. We have used price supports to help agriculture -- and the national economy -- work out of a depression. We have used price supports to help win a war -- by assuring farmers that their expanded production in wartime would not plunge them into the pit of collapsed prices in peacetime.

Now we are faced with the problem of adapting price supports to the needs of a new situation -- to the need of preserving farm buying power as one of the bulwarks of prosperity. We have learned from bitter experience that sliding farm prices and falling buying power are all too likely to end in general depression.

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This is a matter of such vital importance to agriculture and the entire Nation, that I confidently appeal to you as Americans -- with the best interests of our country uppermost in your minds -- to join me today in putting aside bias and pre-judgment. Let us explore this problem honestly. Let us think it through on its merits.

Let us go back to first principles and begin by asking: What is the place of agriculture in our mid-twentieth century economy? What is your job as farmers? What are your rights as farmers?

Isn't it true that the basic job of agriculture is to produce food and fiber, including adequate reserve supplies, for the needs of the people? Each of us has a job to do -- for the welfare of all. You produce cotton for the clothing somebody else wears. You grow tobacco -- and people thousands of miles away, whom you never heard of and who never heard of you, enjoy smoking it. You keep cows and chickens -- and the milk and eggs enable children in many homes to grow up with stronger bones and more alert minds.

That's the job of agriculture -- and there's no job more important anywhere in the economy of the twentieth century world.

But your job takes in more than merely what you produce. Part of it is concerned with how you produce -- how efficient you are -- how well or poorly you care for the land from which our food, clothing, and shelter come. You have a responsibility to your fellow men to be efficient, and not wasteful -- to be soil-conserving and soil-improving, and not soil-destroying.

In a land so blessed with resources as ours, it is unthinkable that agriculture should fail to produce enough for the people's needs.

But if you produce efficiently the food and fiber the people need, plus ample reserve supplies, and if you take care of the land so that its fertility is not depleted, the Nation owes you something in return. What does the Nation owe Agriculture?

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It owes, first, a fair return for your labor and enterprise, for your land and capital investment.

Second, it owes farmers a fair opportunity to share in the abundance of our national production -- the opportunity to enjoy the progress, the conveniences, the recreational, educational, and household advantages of the century we live in.

In these ideas of agriculture's rights and duties, there is nothing new. Surely, thus far we all agree. In the 1939 resolutions of the American Farm Bureau Federation, I find these words relative to economic justice for agriculture: "The fight of organized agriculture... has been and is now for equal opportunity and parity position with the other great groups.... The creation and maintenance of fair economic balance is essential to the attainment of national prosperity."

We need only substitute for "attainment of national prosperity," the phrase "preservation of national prosperity" and the statement will be today as apt as it was more than 10 years ago.

Not let's take another step.

Consumers in a healthy economic situation ought to be able to pay fair prices in the market place so that the farmer-producer will receive an equitable return. I doubt that any of us will quarrel about that.

But what if this healthy economic situation breaks down? What if growing conditions and other factors bring about surpluses of some farm commodities, so that many farmers face the danger of becoming financial victims of their own efficiency and abundance? Even a small surplus is often enough to break the market for an entire crop.

No doubt we all agree that farmers should not be compelled by circumstances outside their control to take whatever return the market price offers, no matter how low it may be. Some kind of price floor is necessary, therefore, to give agriculture a little of the protection that other industries are able to provide for themselves through their larger control over the output and prices of their products

Farmers, then, are entitled to a fair return, and price supports are part of the mechanism to help them attain it. But this brings us to a more difficult question: What is the precise function of a price support program in our economy? Is it to actively promote equality for agriculture, or merely to prevent calamity?

In other words, is a price program intended to help maintain the income of agriculture at a fair level, or is it to be merely a "system of protection against bankruptcy"? Are price supports intended really to support, or are they merely to act as some sort of vague, meaningless "stop-loss" mechanism?

Let me repeat this, because it is the crux of the discussion. Some national Farm Bureau leaders -- like a spokesman for the U. S. Chamber of Commerce -- view price supports as a "stop-loss feature" -- as a protection against bankruptcy and as a means for forcing some farmers out of production.

I want no part of this negative concept of the function of price supports. I believe that the procedure of fighting a rear-guard action against price declines would betray the best interests not only of farmers but of all the people of the United States. If it is not designed exactly to lock the barn after the horse has been stolen, it is certainly an attempt to close the door while the horse is passing through.

I don't think it can be done.

This kind of program seeks to protect against bankruptcy, but the price floor it provides is simply not adequate. Your own Congressman Cooley -- the chairman of the House Committee on Agriculture and a man highly respected in the councils of the Nation -- points out the grave danger that the farmer under such a program will "hit bankruptcy before he hits the price floor."

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May I say right here that I think the people of all the States appreciate the keen interest of the North Carolina Congressional delegation in farm issues. Senators Hoey and Graham, along with Congressman Cooley and your other representatives, are a source of real strength.

Returning to this immediate question, I want to point out that the negative concept of price support is based on the false notion that a sliding scale of supports is both a dependable and an acceptable way to regulate production. As you well know, in the event of a short crop, you usually need no price supports. But under this sliding scale procedure, the bigger the supply, and the more you need supports, the lower the support level becomes. By permitting prices to fall lower and lower, the theory is that farmers will be forced to reduce their production.

But the history of agriculture shows very clearly that the sliding scale is not a dependable way to adjust production -- much less to provide the opportunity to earn a fair income.

From 1919 to 1922, for example, potato prices dropped from \$1.94 to 66 cents a bushel; but acreage in 1922 was nearly one-fifth larger than in 1919.

In cotton, also, price is an unreliable mechanism for adjusting acreage. Farmers have harvested as many or more acres after receiving prices of less than 10 cents as in years after they received 30 and 35 cents.

These are simple facts from American agricultural history. They demonstrate that sliding scale supports cannot be depended on to regulate production, and even if this method were dependable, it would be cruel. Even if it did happen that the sliding scale forced some adjustments in production, the adjustments would be made at the farmer's expense and the cut in farm income could endanger the whole economy.

Remember that these risks are unnecessary.

I believe that price supports should be a positive aid in maintaining fair farm income and adequate farm buying power for the benefit of all the people.

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We are not content to lock the barn door, but we seek to keep horse thieves out of the barnyard entirely. That's the best and surest way to safeguard the economic welfare of agriculture and the whole country.

Some national Farm Bureau leaders contend that it is enough to "protect agriculture against unreasonable price declines." But what is an "unreasonable" decline?

Is a decline to 60 percent of parity "reasonable"? The best way to tell is by putting it in terms of past experiences. In 1932 farm prices averaged 59 percent of parity as it is figured today. Think back to the early 1930's -- the 5-cent cotton, the 8-cent tobacco, the 3-cent hogs, the 15-cent corn, the two-bit wheat.

Farm prices in that year, I repeat, averaged 59 percent of parity.

In the light of this fact, would support at 60 percent of parity be protection against unreasonable price declines? There's not much question about the answer.

Let's go up the scale. What about 75 percent of parity which eventually becomes the floor provided by the sliding scale procedure for most basic commodities under the Act of 1949? Would support at that level be considered adequate protection against unreasonable price declines?

Well, from 1930 to 1934 farm prices averaged 69 percent of parity -- and about 3/4 of a million farmers lost their land. In the light of this fact, is support at 75 percent of parity "reasonable"?

In 1939, farm prices averaged 80 percent of parity. And in that year, the American Farm Bureau Federation said: "We believe that failure to raise agriculture's income to parity is the major cause of the unemployment which has cost the Federal Government billions of dollars in relief appropriations ... Labor needs more jobs and business needs more customers. Both of these needs can be met if the buying power of agriculture, the basic industry, is restored to a fair position."

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This is the main line upon which the train of agricultural progress has traveled for nearly two decades -- Agriculture deserves an equitable share of the national income.

This has been the long-time philosophy of the American Farm Bureau Federation leadership -- that is, until recently. It is the philosophy upon which the concept of price supports to help maintain farm income, and thus to stabilize the entire economy, is based today. It is my philosophy -- and I believe it is your philosophy.

Why then, are some agricultural spokesmen trying to lead your organization off that main line? The basic question is whether agriculture is entitled to parity of income, or merely to 60 or 75 percent of the parity price of a few basic commodities.

Eleven years ago, your national resolutions declared: "Either there must be a readjustment of industrial and labor policies to bring industrial prices to a level in relation to farm prices which will insure maximum consumption of the products of both agriculture and industry; or agriculture will be forced to demand of Congress appropriations adequate to make the AAA fully effective in bringing farm income to a level which will permit farmers to buy the products of industry in normal volume."

This insistence upon equality for agriculture, which made sense in 1939 not only to the Farm Bureau leadership but to the Bureau's members and to farmers throughout the land, has now been abandoned. Instead of seeking equality for farmers, your national leadership now confesses openly, according to the papers, that the new goals are two-fold: To get a hundred thousand additional Farm Bureau members, and to defeat the Administration proposals.

Are farmers now receiving a fair share of the national income? Are you willing to forego your historic claim to equality of income with other groups doing comparable work, taking comparable risks and employing comparable investments?

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Are these questions answered by the readiness of some of your national spokesmen to leave the main line of agricultural progress and chase the will-o'-the-wisp of sliding scale supports?

Here are some hard facts about the present day position of American farmers. Farmers comprise nearly one-fifth of the national population. But farm income of persons on farms, at the peak of agricultural prosperity, was just under 10 percent of the national income in 1946 and 1947. In 1948, the farm share fell to 9.3 percent. In 1949 it fell again. Of course, farm people receive some income from nonfarm sources, but even when this income is included farmers received only 10.3 percent of total national income. The 1949 income from farm sources was only 7.8 percent of national income. This year it may be as low as 7 percent.

Even from 1935 to 1939, the farm share of the national income averaged 8.3 percent.

These are hard facts -- but they are facts -- and in a week-long convention at Chicago the National Farm Bureau leadership almost completely ignored them.

The facts indicate clearly that present support legislation is not doing the job of protecting farm income that needs to be done -- if this Nation is to maintain prosperity. Prices and incomes are falling -- not so sharply, it is true, as in 1920-22, after World War One -- but nevertheless far too sharply for the health of the American economy and the welfare of millions of farm families.

Present price support legislation is not adequate to maintain farm buying power at a fair level. It assures support on commodities which bring in only about two-fifths of the American farmer's gross income. It fails to provide an adequate method of support for non-storable commodities which bring in the greater part of farm income. It is arousing angry repercussions against the whole price support structure by consumers, who bitterly resent paying tax support dollars to raise prices of perishables against themselves in the market, while the perishables are

disposed of in uneconomic ways. It is worrying farmers, who see their security slipping away from them with every new decline in the prices of their non-supported or inadequately supported products. Even though the present support levels of a few commodities, such as tobacco and cotton, may seem fairly satisfactory, let's face the fact that one part of agriculture can't remain healthy if others are not healthy. Nor can the national economy maintain prosperity if agriculture is depressed.

The Administration's proposals for improving the price support program would, we believe, eliminate many of these difficulties. Let me refresh your minds on the essentials of those proposals.

We start from the premise that farm purchasing power must be maintained at a reasonable level or the entire economy will suffer. We have suggested that such a minimum level might be that amount of income which would give agriculture the same buying power as it has averaged over a recent ten-year period.

We have proposed that besides the so-called basis crops -- which bring in ordinarily only about one-fourth of all farm income -- supports be assured for such important non-storable crops as milk, beef cattle, hogs, lambs, chickens, and eggs. Supports would thus be provided for crops bringing in about three-fourths of all agricultural income. Such a program would also encourage diversification in areas where diversified production is vitally necessary to stabilize farm income.

If this plan were in operation now, our objective would be a minimum level of farm income that would provide purchasing power approximately equal to that possessed by farmers in 1942.

Is that level too high? The purchasing power of non-farm people this year is expected to be about 10 percent above 1942, while agriculture's buying power is expected to fall to about 10 percent below 1942. If this level is too high, then let the critics propose another.

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Actually, they propose none. They talk vaguely of stop-loss and refuse to say what a stop-loss really is. It seems to me that if a thought is too indefinite to bear a plain statement, it is too indefinite to merit serious consideration.

We have proposed to support prices, using all the methods now authorized -- loans and purchases, marketing agreements, acreage allotments, and should farmers decide that they want them, marketing quotas.

For non-storables, however, we would add the method of support by direct payments to farmers, rather than depending solely on purchases which take products off the market and in this way keep the price artificially high. Prices of perishables would be allowed to seek a supply and demand level. If this supply and demand operation carried the price below the support point, producers would be paid directly the difference between the actual average market price and the support level.

Consumers would then have the benefit of the entire supplies of meat, dairy, and poultry products, and the taxpayer would get a return in lower food prices for his price support dollars. The American people want more of these foods. We need a price support method which will encourage their abundant production and large consumption.

The present situation of declining prices is dangerous. Prices paid by farmers have declined only about 5 percent from their postwar peak. Compare that with the overall drop of nearly one-fourth in prices received by farmers. Food grains are down one-third from their postwar high; feed grains and hay almost one-half; cotton is off one-quarter; meat animals and poultry and eggs about one-third.

Are these "reasonable" declines?

The head of the Indiana Farm Bureau, who is also a director of the national Farm Bureau, writes in his organization magazine: "Any further break (in prices) could start us down the road toward a disastrous depression."



But when he testifies on a support program, he advocates "stop-loss," and opposes changes that would be effective in checking further decline.

What is doubly strange is that the arguments your national leaders advance -- cost -- regimentation -- dislike of subsidies -- were answered years ago by your national organization under other leadership.

Let me quote chapter and verse.

Concerning the cost of bringing about and maintaining fair economic balance between farmers and other groups, the American Farm Bureau Federation in the 1939 resolutions stated:

"The unsettled condition of the world makes it increasingly imperative that the United States should put its domestic affairs in order without further delay. The cost of accomplishing this by restoring agriculture to complete parity is hardly a drop in the bucket compared to the cost of neglecting to do the one thing which will solve our difficulties. We have temporized with this vital question too long. We must not delay action longer."

Are world conditions in 1950 so much more settled than they were in 1939?

Isn't it true that today, more than ever before, we dare not permit anything to jeopardize national prosperity?

By maintaining farm income at the level of average farm purchasing power in a recent 10-year period, we should be moving effectively to prevent the onset of depression. The "stop-loss" and "protection against unreasonable price decline" theory on the other hand would leave us, I'm afraid, in the position of calling the fire department after the house had burned half way down. Which is cheaper: Fire prevention, or fire-fighting?

Concerning the contention that the Administration's proposals would regiment the farmer, I reply today as I have already replied countless times: Any marketing controls applied to agriculture can be applied only by the producers themselves,

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upon the stated approval of two-thirds or more of the farmers voting in a free election. I have recommended no new controls -- only the continuation of those provided in the Act of 1938 with Farm Bureau backing.

I confess that I am surprised that national Farm Bureau leaders have raised this issue in view of the historic support that the Farm Bureau Federation has given production controls. In the 1939 resolutions, the Farm Bureau said: "Control of production has not been rigid enough."

I was even more surprised when your leaders, after abusing me for allegedly seeking to regiment farmers, recommended extension of the authority concerning allotments and quotas to nonbasic commodities. How these contradictory positions can be reconciled is hard to see.

More recently it has been asked: If the Administration proposals are good for farmers, why not extend them to other parts of the economy? Why not have a "Brannan Plan for automobiles."

I feel quite certain that this peculiar argument was not meant to be taken seriously. A car is a highly desirable machine. There are many advantages to owning one. But you can't eat a car. You can't wear it. You can't very well live in it. In fact, practically everybody in the country got along from 1942 to 1946 without a new car. But I have yet to hear of their going without food for five days, much less five years.

The differences between the automobile industry and agriculture are many and obvious.

Instead of a dozen or so car manufacturers, suppose there were nearly six million. How would the individual manufacturer go about adjusting production to demand?

Suppose that cars were as perishable as meat? How would the manufacturer go about closing out his inventory?

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Suppose that once his machines were started, the manufacturer could not shut them off for six months. Suppose that these machines did not produce at a given rate, but gave him bumper production or almost none at all, depending on the rain and the sun. Suppose the car maker had almost no control over his prices, so that the market value of his products could leap way up or fall way down without any apparent reference to labor or costs.

Suppose, finally, that automobile manufacturing plants were the basic resource upon which virtually our entire economy, and even our very lives, depended. Suppose that these plants were subject to erosion and depletion. Suppose that automobile manufacturers were unable to take proper care of these precious plants -- on which our lives depended -- without adequate income and price protection.

I'm sure you get the distinction -- the auto industry and agriculture just aren't comparable. That's why I consider this particular objection somewhat peculiar.

Other people, again, seem to believe that support by direct payment is a subsidy whereas support by Government purchase is a more genteel, self-respecting form of farm aid. Let's not quibble about the sound of words. One form of assistance is just as much a subsidy as the other -- and there is nothing reprehensible about either method. Some of the Nation's biggest industries exist with the aid of government subsidies -- and this has been true since the very early days of the United States. What is a protective tariff but a price supporting technique? What are air mail contracts and special postal concessions to the publishing industry, if not subsidies?

Let us lay aside arguments whose only strength lies in their power to becloud the fundamental issues. Let us discuss the Administration proposals in the clear air of their merits and weaknesses.

The proposals were offered not as a final plan but as a basis for further discussion in the hope that whatever defects there are in the recommendations would



thereby be corrected. I ask you to believe that I am ready and willing to accept any program, under any name, that will do for agriculture and the Nation the things which I believe sincerely must be done. Weaknesses in any plan are easily strengthened, but what is not so easily corrected is a weakness in the determination to build a sound program.

There is no virtue in sitting contentedly in a leaky boat -- particularly when the wind and the waves are rising.

With all my heart I believe in the future of American agriculture.

Our population is still growing and our people are eager for better diets. An expanding Nation requires also an expanding agriculture.

How true that is here in North Carolina and throughout the South you are all well aware. More and more, you are diversifying your agriculture. You are acquiring higher grade beef and dairy cattle. You are raising more hogs and chickens. The needs and markets for meat, milk, and poultry in the South and throughout the country are far from satisfied. Bringing this growing supply in contact with the ever-present demand will mean greater security for farmers -- more prosperity for country and city -- and better health for the people. In the process of this diversification, Southern farmers need a sound price program that will protect the new crops.

No farmer here wants a guaranteed income. All that you ask is equality of opportunity with non-farmers. A vital factor in that equality of opportunity is a price program that will provide a solid footing for your advance into the future.

Farmers in every part of the country are becoming more sharply aware of their need for such a solid price footing. As they think the price support issue through, they must inevitably answer the question: What kind of price program do we want? A program that is based upon the fundamental principle of income equality for agriculture and that is designed to sustain agricultural income at an equitable

level? Or a program that goes into action only after prices and income are already snowballing down hill and gaining momentum with every turn?

Every farmer has a duty to himself -- his neighbors -- and his country -- to think this question through. The answer must come not from the top of any farm organization -- not from Government -- but from the grass roots of agriculture themselves.

People are thinking this question through. I have seen the results of seven public opinion polls so far. In all but one, a majority of the people who claimed some familiarity with the subject favored the Administration proposals. In the other poll, opinion was divided fifty-fifty. I understand there was an eighth poll that seemed so favorable to the Administration plan that it was quickly hushed up.

American farmers want to continue on the main line of agricultural progress. They do not intend to turn back. Two years or so ago, the Eightieth Congress attempted to backtrack. It slashed at agricultural programs right and left. It sought to cut in half the Agricultural Conservation Program.

Today farmers are confronted by others who are attempting to backtrack on progress. Your American Farm Bureau Federation Board of Directors two weeks ago adopted a resolution calling for a reduction of 35 million dollars in the 1952 authorization for the Agricultural Conservation Program.

This strikes at the heart of some of your most cherished advances. It is a first step toward destruction of the farmer-elected committee system.

I wonder what you farmers will reply to that.

I think I know.

The historic ideals of the Farm Bureau are still as sound as they ever were. The fight of organized agriculture has been -- is now -- and will continue to be "for equal opportunity and parity position with the other great groups."

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It is a fight not for selfish advancement -- but for the attainment and preservation of national prosperity.

In this endeavor let us all stand together, that the train of agricultural progress may continue to roll -- along the main line.

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Office of the Secretary

THE EXTRA BUSHEL

AUG 29 1962

Feb. 18, 1950

Talk by Secretary of Agriculture Charles F. Brannan before  
National Farm Institute, Des Moines, Iowa, February 18, 1950,  
1:30 p.m. CST

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I am especially glad to have the opportunity of participating with you in this outstanding institute. The National Farm Institute makes an important contribution to our agricultural thinking. It is a healthy and constructive example of democracy at work, encouraging a better understanding of our Nation's farm problems and what can best be done about them.

We have before us for consideration today some serious problems of farm policy -- problems which demand an early solution, not alone in the farmer's interest but for the welfare of the entire Nation.

There are, undoubtedly, a number of approaches that would be helpful to general understanding of just what is involved. But, I would like to suggest we examine our subject in this way:

We have here on the table a bushel of corn.

If you will assume it is the first extra bushel beyond our assumed domestic needs, beyond export requirements, and beyond even the safe reserves required to protect the Nation against crop failure or other emergency, then it is a symbol of our major national farm problem.

It is an extra bushel. It is the bushel for which a satisfactory market must be found if the man who produced it is to get a fair price and if it is to do anybody any good. Its counterpart is to be found in many other crops.

Yet it is no different from any other bushel of corn. It requires time and effort and money to produce, and it contains the same essential feed values as all the rest of our corn.

Farmers may accidentally produce it in good faith as part of their effort to earn a living for their families and to help feed our Nation adequately and properly. They can produce many like it through more efficient use of their resources -- through new and better farm practices, through better care of the soil, through new varieties developed by long and painstaking research, and through mechanization to cut down the man-hours of farm labor required.

What are we going to do with that extra bushel?

There are just two alternatives:

We must either consume it by transforming it into meat, milk, eggs, and poultry -- and by getting that extra food eaten -- or -- we'll have to lock up that extra bushel in storage and reduce the next year's production by that amount.

Of course, there are some potential industrial uses for a very small portion of this extra bushel. But the alcohol manufacturer today could not pay the farmer more than 50 cents a bushel for corn and stay in business.

That's just about all the choice we have. And that, in a way, just about sums up our farm problem today. There it is -- that extra bushel.

The future course of our Government farm policies will determine what shall happen to that extra bushel -- whether we use its potential nutritional values for a better diet for the American people, or whether we must stop producing it -- if, indeed, it is possible to stop producing it.

Making use of it will benefit both farmers and the consumers; abandoning its production will mean a sacrifice for both.

Modern farming is geared to abundance. Our present methods of farming are founded upon the use of modern machinery, motor power and the newest discoveries of science. Practical, far-sighted conservation practices are also aiding farmers to reach new production records.

I do not believe any of us want to call a halt to this progress.



I do not believe either farmers or the rest of the American people are willing to concede that more efficient use of our resources is a waste just because it results in that extra bushel.

I do not believe any of us would willingly give up the "know how" for producing that abundance. We want to learn -- and must learn -- to live with our abundance. That's why I have advocated farm program measures aimed at making use of that abundance rather than shackling it.

There still appear to be some misconception and lack of understanding about these farm program recommendations, and even about my motives for making them. Some of this is the natural result of insufficient information. More of it has been intentionally manufactured by the leadership of a great farm organization.

But whatever the cause, we are here dedicated to objective study.

So, first let's get straight on some basic concepts.

I am for parity. I am for the original concept of parity -- a standard of equality for agriculture, a fair share of the national income for the farmers who contribute so greatly to creating that income. I am thinking in terms of people, rather than just commodities. I want parity of opportunity for the farmer to earn a fair return from his investment of capital, labor, skill, and management ability; not just parity for that bushel of corn. I want parity of living opportunity for the farm family.

I am against regimentation. I am against any form of controls that can be reasonably avoided and any which do not have the affirmative support of a large majority of the producers affected. I am for the widest possible freedom of choice by the farmer himself in the management of his farming enterprise. I am for farm programs that will make the maximum use of our farm production -- so that we can avoid the strict controls that will be inevitable if we fail to provide a profitable and useful outlet for that extra bushel.

I am for efficiency of production, and for constantly increasing our efficiency. But I do not agree with those who hold that the only path to efficient production is industrialized mass farming. I want to see no collectives taking over the farms of America -- whether those collectives be of the Soviet design or the corporation pattern. I believe the family-sized farm can be efficient, and I believe that we should concentrate our efforts for increased efficiency upon the family-sized farm unit because of the important human values it contributes to our society. I am for encouraging, strengthening, and preserving the family-sized farm as the backbone of American agriculture, not turning our backs upon it and destroying it in the false name of increased efficiency.

I am for Government economy. I am for economy by eliminating the uneconomic practices of present price support methods that waste good food and penalize the consumer by making him pay the costs twice -- first in his tax bill, and second in his food bill. I am for doing everything in our power now to avoid the tremendous cost to the Government of another disastrous depression, and to avoid its cost in human misery to the people of our Nation.

I am against the wasteful accumulation of unmanageable surpluses beyond normal safe reserves at a time when much of the Nation's population is still ill-clothed and underfed. I want to see the Nation USE that extra bushel of corn, not just lock it up and try to make farmers quit producing it. And I repeat, I'm talking today about that extra bushel which is clearly beyond safe reserves, and beyond domestic and export needs. I am not talking about the reserves that we have sealed up in bins, I am talking about the extra bushel beyond prudent reserves.

Your ideas and mine cannot be far apart on these fundamentals.

But just what is our situation today? Are we making progress toward our objective or are we slipping backwards? Are we on the right track?

Unfortunately, both farm prices and farm income are headed in the wrong direction. Farm prices have dropped an average of almost one-fourth in less than two years. They are still going down. But farmers still have to pay within five percent as much for what they buy as they paid two years ago. In 1947, farm operators had a net income of nearly 18 billion dollars. Last year, it was down to around 14 billion. The forecast for 1950 is for a net income of under 12 billion dollars. That is a decline of one-third in net farm income at a time when national income is at or near its all-time peak.

Is this the way to parity?

Is this a desirable trend?

The gap between farm and nonfarm incomes is widening, instead of closing.

Even at the peak of agricultural income, total per capita income of persons on farms was only about 60 percent as high as for persons not on farms. In 1949 this income gap widened, and in 1950 is expected to widen still more.

The people on farms constitute nearly one-fifth of the total population, yet they got from their farms less than 10 percent of the national income year before last, and only 7.8 percent last year.

We are headed away, instead of toward, our real concept of parity -- equality of opportunity for agriculture.

Should we not be disturbed about this trend? Should we not seek its causes and offer our best effort to retard and reverse it?

Must those in public office whose duty it is to be particularly sensitive to these trends be attacked as "stupid," "dishonest," or "nuts" because they speak out about them and seek a remedy?

One of agriculture's best friends in Congress -- Congressman Clarence Cannon of Missouri -- frankly faced the facts at a recent appropriations subcommittee hearing by saying and I quote:



"Our present support program is not working. It is failing notably in three ways. It is failing to support prices. Hogs are selling today at less than half the price at which they sold at a time when wages, freight rates, and dividends in this country were lower than they are today. The present system is a failure, in the first place, because it fails to bring the farmer a fair wage for his labor and a fair return on the capital he has invested, his fair share of the country's income, or his fair standard of living.

"In the second place, there is a lot of administrative machinery for embracing the system which enrages the consumer and creates sentiment all over the country, in every grocery store and every meat shop, against the farmer and the Government. It is unfair to the farmer, unfair to the Department of Agriculture, and unfair to the Congress.

"In the third place, and not the least important, it denies the American people food they need and ought to have." That is the end of the quotation.

Many people in agriculture and many friends of agriculture would agree with the Congressman. Like him, I am sure, they would defend and maintain our present farm program for the good that is in it against the enemies who would destroy it. But they would also join the realists who see the faults in the program and wish to make improvements. I am sure all of us appreciate the great strides of progress we have made since those dark days of the depression thirties when many Iowa farmers had to burn corn to heat their homes.

We HAVE made progress, even though we are still quite a ways from our goal.

We made that progress by realistically facing our problems and the conditions of our times.

We did it in our struggle upwards from the depths of depression before the war, and we did it to meet the challenge of war.

And now we're going to have to do it again, as we squarely face and appraise the great capacity of this Nation to produce food and fiber and adjust ourselves

to whatever changes may be necessary to put that extra bushel of corn to use -- to convert it into food people need and will consume, instead of abandoning its production.

How are we going to do it?

Perhaps one answer can be found in the fact that there is not only room, but need, for more meat, milk, eggs, and poultry in our Nation's diet. That could mean more consumption of corn, and, therefore, less need to restrict corn production.

But we aren't likely to get that corn converted into more meat, milk, eggs, and poultry unless the farmer producing those foods has reasonable assurance of fair returns from his finished product. Few of them will find much inducement for converting a commodity with an assured price into one with an uncertain price. We must broaden our support program to provide the incentive the farmer now lacks to produce the foods we need, both to improve our diet and to use up that extra bushel.

But getting that extra bushel converted into protective foods is only the first step. We have to get that extra food eaten. We need adequate consumer purchasing power to encourage increased consumption, and we need to offer the consumers the opportunity to add larger quantities of such protective foods to their diets at reasonable prices.

From our past ups and downs in food consumption, we know that the people, given prosperity, will gladly up-grade their diets with meat, milk, eggs, and poultry.

Adequate farm purchasing power contributes to such prosperity, and helps maintain the purchasing power of other consumers. Prosperity in the farm market always means more dollars in real wages in cities and towns.

But if we really intend to serve the Nation's best interest by maintaining the farm purchasing power needed for a full economy, we have learned from experience



that we must do more than support the prices of a few commodities. It seems obvious that we must use a realistic farm income objective, and extend supports to the products which create a substantial part of that income. It seems equally plain that we must do it by methods that encourage, rather than hamper, increased consumption.

For example, we must do it by methods that let American potatoes compete for the American market, instead of letting our own potatoes go to costly waste while consumers buy and eat Canadian potatoes because they are cheaper.

I do not think any of us should be satisfied with farm laws that create such a situation as we now have with potatoes. Yet, strangely enough, some of those objecting loudest against the Administration's farm proposals appear unconcerned about the costly waste of potatoes. Despite all the fault-finding on other scores by the national leadership of the American Farm Bureau Federation, it appears satisfied with the present potato situation. Unlike the Department of Agriculture, they never objected to the present law regarding potato price supports although it appeared in the 1948 act in precisely the same form as in the present 1949 act. On the contrary, they embraced the present law and advised the Department how it should be operated. The Farm Bureau leadership advised me as follows: "We recommend a 1949 program for potatoes at 60 percent of parity and without acreage allotments."

Why aren't we working together toward adapting our farm programs to meet the existing conditions of today? Why do some insist upon blocking any constructive action at all?

What is there that we can't agree upon?

Is the scare-cry of "subsidy" the stumbling block? Let's be realistic: All aid to agriculture in any form is a subsidy, just as all Government aid to any other group is a subsidy. There is no point in blinking this fact. Rather, let us stand on principle. To the extent that the agricultural subsidy serves the public welfare, it is not only justified but necessary. By the same token, no



subsidy is justified which does not serve the public welfare. And if we stand on that principle, we can be open and above-board about it; there is no reason for agricultural aid to be concealed or hidden.

Farmers are the trustees of our basic resource without which this country cannot remain strong. They must be given a fair opportunity to earn sufficient funds to maintain soil fertility, care for their families, and continue to produce an ample supply for the rest of the Nation.

Is it the question of cost that is keeping some of us apart? There's been a lot of loose talk about costs. Some like to "estimate" the cost of one program without comparing it with the cost of any other program. They like to forget that price declines cost **SOMEBODY** whether there's a program or not -- and, without a program, that "somebody" who pays the cost is the farmer.

Let us not forget, either, that the potato program has cost the Government 500 million dollars in recent years -- more than 300 of that in the last two years. The Administration has recommended a program that would combine for potatoes the use of acreage allotments, marketing quotas, marketing agreements, and production payments. This would most certainly reduce the overproduction of potatoes. The cost would be cut to a fraction of what the program is now costing. I have estimated before, and I say again, that the cost the first year would be less than 25 million dollars.

And while we are talking about the cost of farm programs, let's not overlook the potential cost of failing to have an adequate farm program -- the terrible cost of depression.

The American Farm Bureau Federation had something to say about that back in 1939, when memories of the depression were perhaps fresher in our minds. In the foreword to its resolutions embodying its farm program recommendations that year, the Farm Bureau declared, and I quote: "We believe that failure to raise agriculture's income to parity is the major cause of the unemployment which has cost the Federal Government billions of dollars in relief appropriations.

"The unsettled condition of the world makes it increasingly imperative that the United States should put its domestic affairs in order without further delay. The cost of accomplishing this by restoring agriculture to complete parity is hardly a drop in the bucket compared to the cost of neglecting to do the one thing which will solve our difficulties. We have temporized with this vital question too long. We must not delay action longer." The statement goes on to say: "It is costing the Government billions because it is not doing the one thing which will solve at once the twin problems of low farm prices and widespread unemployment."

That was written a decade ago, but it's certainly something to keep in mind when we hear the national head of the Farm Bureau repeatedly raise the cry of "cost" to prevent objective consideration of proposals to forestall another economic collapse.

But let's go back to seeing if we can find just what it is that some folks can't seem to agree upon today.

Is it the false cry about danger to "free enterprise" that causes some to hesitate?

How can they complain about the proposals of the Administration and still defend the present system, under which the Government has become a bigger and bigger operator in the food business? We want to encourage free enterprise by taking the Government out of the channels of trade just as far as possible -- out of warehousing, processing, shipping, and marketing, permitting dealers and consumers alike

to have the benefits of free markets on the perishable products of our farms, as long as we can still make all farmers more secure in their right to a decent and fair reward for their toil.

What about the charge of "regimentation"? In my opinion, we don't have regimentation as long as farmers themselves decide whether or not to use the controls that are provided by law. Some production adjustments are essential in a country with such a production potential as we are fortunate in having in the United States. But the extent to which painful adjustments have to be made will be determined in large measure by the use we find for the extra bushel. Shall we eat it in the form of livestock products? Or try to stop producing it?

I doubt whether any of these charges we hear are the real differences that have developed in our current farm policy debate. For the most part such misleading attacks are merely smokescreens intended to cloud the real issues -- hampering instead of helping all of us to arrive at wise, considered decisions so vital to our future.

Actually, behind all the pros and cons over the methods of our future farm program, the underlying conflict is in the very philosophy of our farm policy itself.

You are confronted with two entirely different ways of thinking about what objectives we should seek for the American farmer.

One group, of which the present Administration is a part, believes it is in the best interest of the entire Nation to use price support as a means for providing agriculture the opportunity to earn a fair income. It does not propose to guarantee that income to anyone, but it does propose assuring diligent farmers the opportunity of achieving a level of income that would bring them closer to the goal of equality with other groups.

On the other hand, there are those who preach that the only role of price supports is to protect the farmer against bankruptcy. In other words, they see no reason for stopping price and income declines until the farmer's back is against



the wall.

The Farm Bureau's present national leadership is among those adopting that attitude. Its spokesmen advocate "stop-loss" price supports -- whatever those are-- sometimes using that terminology and sometimes even less exact language. Sometimes they say they are against only what they call "unreasonable price declines."

What do they mean by "unreasonable" price declines? Farm prices have already dropped 23 percent; how much farther must they fall before they become "unreasonable"?

Must the farmer almost go broke before he can expect the steadying hand of Government to be extended? And where is that fine line between being almost broke and just plain broke?

The present Farm Bureau leadership has turned its back on that great organization's historic position of the past, when it so often declared, and I quote from its own former statements of policy: "The fight of organized agriculture...has been and is now for equal opportunity and parity position with the other great groups...."

Why aren't those words still true today?

Because the gentleman now heading the American Farm Bureau is here today, I would like to take the opportunity, for just this once, of addressing him directly in the hope of reaching a better understanding of the attitude of the Farm Bureau's present national leadership.

I would like to ask the President of the American Farm Bureau Federation, in all seriousness: Does it aid agriculture in any way to say of the Administration's proposals: "People who propose such a program to farmers are very dumb or downright dishonest"?

How will such personal attacks protect the price of hogs?

I would like to ask the gentleman: Do you actually expect to halt the decline in farm prices by calling the Administration's recommendations a "statement of politico-economic philosophy -- not a farm program," a "supreme delusion", or,

as you have also done by saying the idea is "nuts"?

I would like to ask the gentleman: Do you think it fair to your own members to be openly favoring still lower price supports for farmers in the harsh hope of forcing some of them out of business, so that farming can be more profitable for those big-scale farmers with larger cash reserves who are able to survive?

I would also like to ask: Do you feel the Farm Bureau is fulfilling a constructive role in behalf of agriculture by having its spokesmen spend their time tearing down the recommendations of others with such abusive remarks as, and again I quote, "It shines and stinks and stinks and shines like the rotten mackerel in the moonlight"?

Let me play back the record of a few more typical comments of the Farm Bureau's spokesmen about Administration efforts to improve the price support program: "Totalitarian collectivism", "written by the CIO labor people", "ulterior motives", "socializing agriculture", "changing our form of government", and, strangest of all, "it could lead to the passage of the President's civil rights legislation."

I ask the gentleman, again in all seriousness, if he really feels such negative abuse contributes anything at all to a fair attitude and the atmosphere of serious, constructive thinking so necessary to the development of wise and practical solutions to our farm problems.

I might venture to suggest that instead of sitting in the seat of the scornful, adopting a tone of antagonism or condescension, or assuming a cocksure attitude that carries its own condemnation, the gentleman might better serve agriculture by recognizing earnest efforts for a better farm program in the making; and that in a constructive spirit he should make contributions toward wise development of its policy.

And by contributing something constructive, I certainly do not mean the penny-wise, pound-foolish kind of economy that would sacrifice even the vital progress of our agricultural conservation program. Just this month the American



Farm Bureau leadership has advocated a slash of 35 million dollars in the budget authorization for the agricultural conservation program -- a slash not only in conservation payments but in the functioning of the farmer-elected committees so capably administering the program.

The national leadership of the Farm Bureau is apparently not even satisfied with trying to block any improvements in our price programs; it is now trying to tear down the conservation program that many of you have worked so long to build.

What aid to agriculture DOES the leadership of this organization offer? The press quotes the Farm Bureau president as having a two-fold objective: Defeat of the Administration's farm program, and boosting the organization's membership by not quite 100,000.

I ask in all fairness: Are these the goals of American agriculture for which the gentleman professes to speak? Is the leadership of the Farm Bureau Federation blind to what is happening to farm prices and income in this country today?

Is it no longer of concern whether or not the farmer gets a decent and fair return for his investment and toil?

After all the American farmer has contributed to the welfare of our Nation -- after all we have learned about the interdependence of agriculture, industry, and labor -- after all the progress we have made toward economic justice -- must we now suddenly revert to the narrow idea of the Government keeping its "hands off" until after the Nation has plunged once more into the disastrous depths of depression?

I don't think so.

But that is your choice -- and that is the only real basis of conflict in the current farm policy debate.

It is the difference between those wanting to push forward, and those turning backward.

On the one hand, we have those with determination to maintain a full, expanding economy; to live in prosperity with the abundance we can produce by properly



utilizing it to raise the living standards of all.

On the other hand, we have the stop-lossers, the temporizers, those who are willing to gamble on getting by themselves regardless of what happens to the other fellow. They are willing to risk the entire Nation's welfare on their own stubborn lack of vision and foresight.

They are the advocates of "sliding scale" price supports that usually slide only one way -- downward. They are -- apparently -- not much concerned over the present slide of farm income.

They are bound by the fallacious assumption that downward sliding prices provide an acceptable way to adjust production, they are willing to starve farmers into compliance if necessary to obtain that adjustment, instead of doing it the more humane way -- by the incentive of fair rewards. They are willing to sacrifice small farmers under the brutal survival-of-the-fittest concept even if it means large numbers of farms and farmers forced out of business at a heavy loss. That's what they mean by so-called "natural adjustments".

But are we satisfied with that harsh kind of a solution to our production adjustment problems, even if it would work?

Somehow we don't believe this is a good way. Most of us have thought we had gone beyond the dog-eat-dog law of the jungle. Yet that's what is hidden behind the concept of a downward sliding scale of prices aimed at forcing some farmers to go broke and out of business.

On which side do you want to be counted?

All that I ask -- all that the present national Administration asks -- is constructive consideration, with open minds, of the recommendations we have made for the welfare of the farmer and the welfare of the Nation.

All that we ask is a reasonable balancing of the Administration's proposals against the only alternatives before you.

Which way of thinking offers the better hope for using constructively that extra bushel of corn -- that extra bushel beyond even safe reserves -- instead of just locking it up and trying to quit producing it?

Which way offers the better hope of drawing nearer to the real goal of parity, nearer to a fair share of our national income for the farmer? Which offers a way to reduce our surpluses, instead of piling up more? Which offers the better chance of encouraging increased consumption of the abundant food our American farms can produce? Which offers real Government economy, by doing more to avoid the costly and tragic toll of another depression?

Those are the real measuring rods for judging our farm program -- weighing it in the balance of public necessity and public good against the only alternatives remaining.

Keep that bushel of corn in mind and I shall have no fear of your ultimate judgment.

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UNITED STATES DEPARTMENT OF AGRICULTURE  
Office of the Secretary

THE "EXTRA" FARM 9 1962

Mar. 6, 1950

Talk by Secretary of Agriculture Charles E. Brannan at the annual convention of National Farmers Union, Denver, Colorado, Monday, March 6, 1950, 8:45 p.m., MST.

It is a very great satisfaction to meet with farm people who have managed so successfully to express their forward-looking views to the Nation.

These times call for continued devotion to the cause of equality for agriculture, for unwavering dedication to the welfare of farm families, for clear thinking, and aggressive action.

By living up to these standards, you have won respect and influence far beyond that which can be measured by membership numbers.

Fortunately, you of the Farmers Union have many like-minded neighbors who belong to other organizations, or perhaps to none at all -- farm people who sincerely want, and resolutely intend, to go forward in building a strong, healthy, and prosperous America, a land of opportunity for all.

You of the Farmers Union do not lay claim to any monopoly on such ideas or ideals.

But you can, and do, lay claim to putting power into your beliefs through leadership that is dynamic and unique in foresight and fearlessness.

You do have a Jim Patton.

You do have a Bill Thatcher.

You do have a Glenn Talbott.

You do have a C.E. Huff, whom you honor today.

These men, and your other leaders of courage and vision, are working with rare determination to open wider the door of opportunity for the farm family.

That means they are working not only for you, but indirectly for all the people of this country.



Today I want to talk to you about the broad problem of opportunity for the farm family.

I touched on this problem recently in discussing "The Extra Bushel," the bushel of grain which symbolizes the dilemma of our present day agriculture. Unless it is converted into livestock products and eaten, this extra bushel becomes a price-breaking surplus.

It can break agriculture.

Now what happens if we don't use that extra bushel?

I'm sure you know. The door of opportunity would swing shut in the faces of many family farmers -- and then instead of the extra bushel, we'll get what some people might call the "extra" farm and the "extra" farm family.

Even today we have many underemployed people in agriculture. But we have no problem at all compared with the tragedy we'll face if we permit sliding farm prices to drive into bankruptcy those who are weak financially, and leave in business only those who have plenty of money to ride out the economic storm.

Before I go on, I want to say frankly that I don't know how many people can expect to make their living from agriculture, and I don't know how many farms we ought to have for an efficient agriculture. Evidently some people on farms need opportunities in other lines of work. But I tell you in all sincerity that, in my opinion, the only real answer to this problem is to provide opportunity outside -- the answer is definitely not to force people out of farming with nowhere to go and nothing to do. We don't want to create an army of economically displaced persons in America.

Let's remember, too, that a forcing-out process is something like a forest fire: Once it gets a good start, it's hard to stop. A lot of people might get burned, simply because they were short of cash and credit.

Suppose prices of several important farm commodities dropped 30 or 40 per cent below parity. How many farmers of your acquaintance could last more than a

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few years? Before you answer that, remember that in 1932 farm prices averaged 59 percent of parity as it is figured today, and cash income even in those dark days was considerably greater than cash costs of production.

Let prices go down very far and a great many farm owners and operators would soon be well on their way toward becoming managers or wage hands for individuals and corporations who held the mortgages. There would soon be a lot of so-called "extra" farms and a lot of so-called "extra" farm people.

Yet there are some folks who seem to think that opportunity for farm families has very little to do with price support. I agree that it's more than a price support problem. But before we conclude that it is not partly a price support problem, I think we'd better take another look.

A support program that really supports -- and is keyed to abundance -- can help broaden opportunity for farm families. But what some people call a "flexible" support program, the program which ties a sliding scale of supports to commodity supplies -- could slam the door of opportunity so hard that a great many farm families might never get it open again.

Incidentally, the term "flexible" as originally used by the Department of Agriculture referred to latitude or elasticity in the means and the methods for providing price protection -- not to the sliding scale theory.

But I am not so much disturbed by misuse of the term "flexible" as I am by the basic philosophy of the sliding scale theory -- the philosophy which holds that decreasing the level of price support is an acceptable way to adjust farm production.

I find two objections to that theory. One is that most people don't like the idea of starving farm families into making adjustments. The other is that low prices are not always effective in cutting off production.

Take the record on wheat in the years before we had an adjustment program. From 1920 to 1924 the price of wheat went down. It took three years to get an

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appreciable decrease in acreage. From 1925 to 1929, the price went down some more; but acreage went up. From 1929 to 1932, the price went on down, and wheat acreage stayed about the same. Another fact to remember is that total farm production stays high whether prices are good or bad. Only drought has been able to make much of a dent in total agricultural output.

I think I know how the basic error came about. Some people jumped to the conclusion that farming is like the steel industry or the automobile manufacturing business. They figured that farmers ought to be able to tailor production to demand by responding to price declines. But they didn't visualize the only situation in which they could be right about that. If the farm production of the Nation were controlled by about the same number of people as now control the output of automobiles -- if people were willing to wait another year to buy that new streamlined beefsteak -- if the farmer's customers could decide to make yesterday's breakfast do until they could afford chromium trimmings on the bacon -- then they might be right. But if those ideas seem a little bit silly, it's because the whole idea that farming is like auto manufacturing is silly and unreal. The reality is that food is produced by millions of farm people who make their own decisions, and it will be well for America to see that the widest possible opportunity stays open for those independent producers.

Let me make it clear that I don't think any price support program can in itself safeguard opportunity for the family farm. But I do believe that the right kind of price support program is essential to carrying out a policy of abundance and that only by following a policy of abundance can the Nation provide opportunity for the family farm.

Now I'd like to ask you to accompany me on a little excursion into recent history -- a bit of history that seems to be just about forgotten by some people. I want to take you on that excursion to show how the Administration price support program developed, and why we oppose the sliding scale philosophy.



I think you of the Farmers Union ought to review that history so that you can explain it to others.

First, the Administration plan has behind it years of hard, careful study. Early in the war, the Department of Agriculture, with the cooperation of many land-grant college people, farm organizations, and individual farmers, began to consider how, in the coming postwar period, the mistakes of the 1920's could be avoided. When the war ended, the Secretary of Agriculture put a Department Policy and Program committee to work sifting all the previous studies, taking an up-to-date look at agriculture as it then stood, and trying to develop information that would help Congress to legislate a long-range farm program.

I was Assistant Secretary then. It was part of my job to organize this project and get it ready for the Congress.

In 1947, the then Secretary and other Department officials presented the testimony to the Eightieth Congress. We made one basic policy recommendation -- what we called a "policy of organized, sustained and realistic abundance."

Now what did that mean? It meant that we believed this Nation has no desirable alternative but to learn to live with its abundance. We said that agriculture was not likely to become less productive unless farmers were bankrupted. We showed that continuing progress in research, in mechanization, in electrification, and in soil conservation would make our farms more productive. We pointed out that the American people wanted more food and needed more food for good health and vigor. And we stated that national prosperity could be maintained only by an expanding, and not by a shrinking, economy.

The Secretary of Agriculture at that time said a number of important things that you may remember. He stressed the belief that any system which forces us to waste what we have produced is doomed, that the people won't stand for it.

Even more important, he pointed out, that efforts to maintain a floor under consumption must be an essential part of our first line of defense against

surpluses and low prices.

That was essential to a "policy of organized, sustained and realistic abundance" in 1947. It is an essential now.

What happened to those recommendations?

Well, some people have said that the law shoved through to passage in the closing minutes of the Eightieth Congress followed the Department's suggestions.

That idea is about as far off the beam as it's possible to get.

We recommended a policy of organized, sustained and realistic abundance. The Eightieth Congress legislated a policy of sliding scale price support.

We recommended a floor under consumption. The Eightieth Congress legislated a program which, by reducing price support as supplies increased, was designed to starve farmers into making production adjustments.

The two kinds of policy are not even shirt-tail cousins.

When the new Congress convened, its agriculture committees called for the recommendations of the Administration. We set to work to find practical methods for protecting farm returns within the broad policy of organized, sustained and realistic abundance.

We reviewed all the previous farm program legislation -- and all the ideas we could find that had been suggested but not carried out. We tried to do some independent thinking in the light of very recent agricultural and national economic trends.

We were acutely aware that farm prices and income were sliding down. Reserves of storable commodities were rapidly building up toward not merely safe but maximum levels. Supplies of perishable commodities which had support were also accumulating, making it clearly evident that methods of support which worked for storable commodities were not at all practical for perishables.

Those were the concrete facts we faced. The question was what to do about them.

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We might have urged abandoning support of perishables altogether. But there were very good reasons against that. First, production of meat, milk, eggs, and poultry should be encouraged, because the people want these foods and because livestock production offers the best hope of eating up potential grain surpluses. Second, some of the perishables are major sources of farm income. How could they logically be left out of a price support system that attempts to keep farm income at a reasonable level?

You see, we were looking for a program that would do a better job of meeting the long-time objective of price support. We were trying to find a program that would keep the purchasing power of important commodities from dropping too low. We wanted to maintain opportunity for farmers to earn a fair income.

Our farm laws in the past had tried to define parity of income and thus set up a farm income objective. But the definitions had always been tentative and not geared into any program. The result was that we have had price objectives for individual commodities but never price objectives aimed at a specific income target.

We decided to make a new try. That was our first recommendation.

This was our approach: Surely there must be some level of farm buying power that is absolutely essential to the prosperity of the whole American public. That level should be our minimum objective. We believed that the level might vary, but that it was important to keep farm income from dropping too sharply and too far at any one time. That made it necessary that the income target should always be in line with recent income levels. We recommended a moving target: that level of cash receipts from marketing which would have the same buying power that cash receipts had, on the average, in a recent 10-year period. For various reasons, we suggested that the base could well be the first 10 of the past 12 years, with the base moving forward each year.

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Right here, let me point out another fact that seems to be largely ignored lately. We did not offer this proposal and say: take it or leave it. We said, if this suggested income objective is either too high or too low, let's change it. Let's find the right level -- but let's find a reasonable objective and then tie commodity price supports to that objective.

Next, we asked ourselves which commodities should be assured of support?

It seemed logical that the commodities should be selected on the basis of their importance to overall farm income. On this basis, we suggested ten commodities for mandatory support, some of them storable and some not.

We suggested the meat animals -- beef cattle, hogs, and lambs. In 1948 cattle and calves had brought in 17 percent of total cash receipts. Hogs had brought in more than 12 percent. Sheep and lambs together had accounted for only 1.3 percent, but we didn't see the logic in covering all other meat animals and not lambs.

We suggested chickens and eggs for mandatory support. They accounted in 1948 for nearly 8 percent of farm receipts.

We suggested milk for assured support. Including farm butter and butterfat milk brought in 14.5 percent of total receipts in 1948.

Those were the nonstorable commodities we recommended for mandatory support. Lumped together, they accounted for 53 percent of total receipts from farm commodities. How could they be left out of a support program?

Then, we suggested four of the so-called basic crops for mandatory support. Wheat, which brought in nearly 8 percent of farm receipts, cotton, which accounted for 7 percent; corn with nearly 4 percent; and tobacco, which accounts for more than 3 percent of total receipts.

These 10 commodities combined accounted for nearly three-fourths of farm receipts in 1948.

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We indicated that Congress might want to add to that list/<sup>but</sup> we hoped nothing would be taken off. We urged that other commodities be supported in relation to those priority commodities, taking into account available funds and authorities, the ability of producers to keep supplies in line with demand, and other relevant factors. We also suggested that support prices arrived at by formula might not always make good sense and that there should be discretionary authority to adjust supports within limits to maintain desirable price relationships among commodities, especially between feed and livestock.

But this still left the problem of how to apply support to perishables. Loans and purchases work all right for storables, but not for perishables.

The purchase method discourages consumption by raising prices to consumers.

It takes away from consumers the foods they want and places those foods in Government warehouses.

It puts the Government in business in a big way, buying, storing, and trying to dispose of perishable commodities.

It is expensive and wasteful, because perishables must be processed or kept in cold storage or both, and even then there is danger of waste.

It makes a difficult disposal problem, because the products can seldom be sold back into domestic markets. Instead they must generally be given away or sold abroad at prices much lower than American consumers are paying.

We suggested an alternative support method. We proposed that whenever perishables require support and there are no further satisfactory outlets such as the school lunch program, the Government should stop buying and start making production payments directly to producers.

Now how would this eliminate the disadvantages of purchases? First, it would enable producers to go on producing, and consumers to go on consuming, beyond the point where, at higher prices, consumption would go down and surpluses would

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pile up. Even a little progress beyond the normal cutting-off point would mean millions of dollars a year to producers and more nearly adequate diets for consumers.

Let me give you a couple of examples. Fluid milk consumption per capita reached its all-time high in 1945. Since then it has dropped an average of 15 per cent per person. Per capita consumption of all dairy products reached a record high in 1942. It has since dropped to a near-record low.

We are consuming considerably less than our prewar per capita average. We are not far from the depression level. Yet the Government has in its possession, in expensive storage, nearly 90 million pounds of butter, more than 22 million pounds of cheese, and around 211 million pounds of dried milk solids. These products represent between 2 and  $2\frac{1}{2}$  billion pounds of whole milk. That is by no means the total bought by the Government. It's just what we have on hand.

Now let's look at our egg situation. In 1948 we consumed 386 eggs apiece-- and the Government bought and stored seven eggs apiece -- eggs we produced but didn't use. In 1949 we ate 375 eggs apiece, or 11 less than in 1948 -- and the Government bought those 11 eggs and six more, or a total of 17 per capita. If we had eaten those seven eggs bought by the Government in 1948, our total consumption would have been 393 eggs apiece; and if we had eaten those 17 bought by the Government in 1949 our total would have been 392 eggs apiece, almost exactly the same. Both years the total would have been less than our 1945 record consumption of 397.

Unfortunately, we didn't eat as many eggs as we produced, and at the end of 1949 the Government had 73 million pounds of dried eggs and was trying unsuccessfully to peddle them abroad at prices far below cost.

The purpose of the production payment method is to maintain farm returns and still let people get good food at prices that will encourage consumption.

It would be used to encourage livestock production. This would help consume grain supplies that might otherwise become surplus. It would be a means of adjusting the pattern of agricultural production, and of conserving the soil. For real  
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soil conservation, we need more emphasis on grass and legumes. But to use those crops profitably, we must balance up our farming pattern with greater livestock production. In some areas, more grass and legumes will mean better rotations, in other places better protection against wind erosion and the effects of drought. In some areas, there would not be more land in grass but better care of the grass already growing, better range management including protection against weeds and brush, and various measures to improve stands of grass. This would be made possible by more stable conditions for livestock producers.

The production payment method is not something that we pulled out of a hat. It has been talked about for a long time. It has been recommended by a number of leading economists and by businessmen who want to keep the Government out of business. It was recommended by the agricultural staff of the Hoover Commission on Reorganization of the Executive Branch of the Government.

Of course the production payment method is also opposed by some individuals and groups. But they offer no alternative method that will work for support of perishables. We do not insist the Administration has a monopoly on the right answers. We do say that unless somebody shows us a better way of getting the necessary results, we have a right to ask that our recommendation at least be tried.

The last of our recommendations had to do with limits on the amount of price support and the conditions of eligibility for it. To my knowledge, nobody has ever suggested unconditional and unlimited price support. One effective limit is the use of a priority list of commodities. But others are necessary. In return for price support, farmers are willing, we believe, to meet certain responsibilities. They are willing to undertake to adjust production of individual commodities to reasonable levels of demand. There will, of course, be limits to demand under any program, and when the limit is reached, and when safe reserves of storables have been put away, there is no alternative but to make adjustments in the production pattern.

The privilege of receiving price support logically carries with it also responsibility for conserving the soil. It just doesn't make sense for the government to put out money for soil conservation with one hand and, with the other, put out price support money to farmers who deliberately abuse the land. At least a minimum effort toward soil conservation ought to be part of the bargain between the general public and the farmers.

In line with long-standing policy and precedent, we advocated another limit to price support -- one based on the principle of encouraging family-type farming and not encouraging big-scale industrialized farming. We proposed that Congress follow the principle that on family-type farms the full production of price-supported commodities should be entitled to support, and that larger farms should have the same support as the biggest family-type farms but not more.

Now, this particular principle has been attacked as an attempt to put a "ceiling on opportunity" in agriculture.

But whose opportunity is referred to?

It would not limit opportunity for farm families.

It would not put a ceiling on opportunity for family farming.

I leave it to you to decide who is trying to maintain opportunity for the farm family and for family-type farming.

I have gone into some detail about the Administration's price support recommendations, that you will understand them and be able to explain them. I think you will agree that they embrace both logic and historical precedent. They offer the means not only for supporting individual commodities but for moving ahead toward the real objective of price supports -- that of providing opportunity for farmers to earn a fair income.

The Administration's program has been developed to help effectuate a policy of abundance. That's the only policy that offers real opportunity for farm families.

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Everybody is in favor of a policy of abundance, in principle, but it seems that not/everybody favors it in practice.

Everybody is in favor of fair income for farmers, in principle, but it seems that not/everybody favors it in practice.

Everybody is in favor of fair income for farmers, in principle, but it seems that not/everybody favors a program that would help assure farmers the opportunity to earn a fair income.

Everybody is in favor of producing and consuming a little extra, but it seems that not everybody favors a program to extend effective demand a little way beyond the point where it would otherwise shut off.

Now, it is natural to ask at this point: "What does the farmer favor?" But this is not the question we are hearing, What we hear is: "Who shall speak for the farmer?"

As it is used, this question seems to imply that very few persons have a right to an opinion on the price support issue. As it is used, the question seems to imply that the sliding scale of supports is good enough, and anybody who thinks we can do better ought to have his head examined.

Actually, price supports are the business of all the people -- the people who pay the taxes, the people who pay out their money in the grocery store, the people who pass the laws, the people who administer the laws, the people of many organizations, and the people who belong to no organization.

The President and the Secretary of Agriculture have not only the right, but the duty, to work for farm policies that serve the welfare of all the people. The farmer-committees have not only the right, but the duty, to report on the programs they administer, including the deficiencies of those programs and their recommendations for improvement. If a businessman has an idea that might improve farm policy, he has a right to speak his piece. The same goes for the laboring man and labor leaders, and for the farmers and farm leaders.

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This is everybody's business. If the wrong decisions are made, the people are likely to take the necessary steps to get the wrong decisions changed and the right decisions made.

Unfortunately, some pressure experts who claim to speak for many thousands of voters are threatening the political lives of legislators who would like to give the Administration program a fair trial. These pressure experts are afraid to poll the people for whom they profess to speak. Why? All the polls that have been taken show why they are afraid.

Not only farmers but many other people are asking sharp questions about present agricultural conditions and trends.

Is it fair to agriculture -- and is it good for the Nation -- to allow the net income of farm operators to fall 22 percent in two years' time -- while farmers are producing food and fiber at record and near-record levels?

Is it fair to agriculture -- and good for the Nation -- to face the prospect of a further drop in farm prices and income -- so that this year's net return from agriculture may be one-third below that of three years ago?

Is it fair to agriculture -- and good for the Nation -- when persons on farms average less than half as much income, from all sources, as other persons? Last year per capita income of farm persons was only \$763 compared with \$1555 for nonfarm people. This year, if 1949 trends continue, farm people will have less than 40 percent as much income per capita as the other people in the Nation.

Are these things fair to agriculture -- and good for the Nation?

You know the answer and so do I.

Well, what are we going to do about it?

We can't go on indefinitely refusing to face reality.

To accept the sliding scale or stop-loss supports is, in my opinion, equivalent to hiding our heads in the sand and hoping that the problem will get tired and go away.

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The sliding scale is wrong because it offers as a solution to falling prices and disappearing income, a starving out process for farm families who happen to be short of land resources, cash or credit. It's wrong because it creates so-called "extra" farms and so-called "extra" people.

And by what justification does it do this? In the name of efficiency.

Let's take this efficiency argument apart and look at it. I'm in favor of efficiency. So are you. So is everybody else. We know, for example, what it meant to us during the recent war when we were meeting our greatest emergency of all time. Also, from the farm income standpoint, we know that cost reductions due to efficiency raise net income. In the early 1940's, if costs per unit had been as high as in the early 1920's, net income would have been only three-fourths as great. So efficiency is important.

But remember this: Low prices do not encourage efficiency. It takes money to buy new machines, more fertilizer, better seed. It takes more cash to buy electricity than to buy kerosene for the lamps. It takes more cash to buy gasoline for tractors than to raise feed for horses.

Our big spurts in efficiency have come in response to high prices, not low prices.

Low prices are supposed to force people out of farming. But what actually happens? People leave the farms when prices are high because that is when the cities offer the most opportunities. People flock back from the cities to the farms when jobs run out, and that's when farm prices are low. So you have people leaving farms when prices are high and coming back when prices are low.

Suppose you try to starve people out of farming by letting prices drop. Does that hurt only those who are supposed to get out? No, it hurts all farmers, including the most efficient. It depresses our entire agriculture and administers a terrific shock to the whole economy. Even if it would work, it would be an extremely costly way to get rid of the less efficient. Many efficient farmers



couldn't take it very long.

But then, who is to say which farmers are efficient? Perhaps some records on wheat production costs will help us draw the line. Just east of us, here in Denver, lie the Great Plains. Farmers there have been growing wheat in recent years for an average of less than \$1.10 a bushel. Between the Plains and the Corn Belt, the cost edges up to a little over \$1.25. In the Central Corn Belt, it's more than \$1.65; and in the Eastern Corn Belt area, more than \$2.00. Superficially, it might seem that the \$2.00 man ought not to grow any wheat because a man in the Plains can grow it 90 cents cheaper. Maybe we should try to drive out of wheat production all those producers who live East of the Missouri River -- grow it all in the Plains. Of course, drought sometimes kills the crop in the Plains, and, of course, some producers in the Plains are presumably less efficient than others in the same area. But where do you draw the line?

Let's go on. Out in the Pacific Northwest, wheat producers have to spend more per acre than do the farmers in the Plains, but they get bigger yields. So they've been growing wheat, according to records I've seen, for about 95 cents a bushel, compared with \$1.10 in the Plains. Well, then, they must be more efficient than the Plains wheat growers, so they ought to grow all the wheat -- is that right? Of course, the Plains farmers don't have too many choices besides wheat, and, of course, we need more than one kind of wheat. But let's draw the line, and force out the inefficient -- that's the idea of the sliding scale.

Follow the theory on out. Force out all the inefficient. There's no place to draw the line. There's no place to stop, logically, until you are down to one producer and one farm.

Neither in the name of efficiency, nor in any other name, do the American people want to force millions of farm families out of agriculture, leaving the land resources of the Nation concentrated in a relatively few hands.

Such a concentration of power in agriculture would be even more threatening



to American ideals than is concentration of industry.

We must, on the contrary, widen the opportunity for farm families to achieve in agriculture an income and standard of living that are commensurate with the skill and the labor and the investment employed. And at the same time we must do our utmost to open opportunities for farm people outside agriculture.

We realize that a price support program, no matter how efficient and realistic it might be, is at best only a partial answer to this question of widening opportunity for the family farm.

Within agriculture we need conservation programs, an extension of electrification, adequate credit facilities, and a stronger cooperative movement. Yet the national leadership of one farm organization is now asking Congress to cut the conservation program, and it is siding with big business and the National Tax Equality Association in a tax fight against farmer cooperatives. I wonder how many farmers would say that they are properly represented by these efforts to cut conservation and burden their cooperatives with unfair taxes.

We also need educational and guidance services for many farm families. We need programs to assist low-income farm families who want to continue on the land -- to stimulate further industrial expansion in underdeveloped areas so as to provide off-the-farm opportunities for full or part-time work -- to assist families or persons who gain their living principally as hired workers.

But at the heart of any overall farm program must be a realistic, adequate and efficient system of price and income protection.

We have entered a truly crucial period in the history of American agriculture. It is a period so crucial that what results from it may well determine the future not only of more than five million farm families, but the very freedom of the whole American people.

The job of widening agricultural opportunity as one of the foremost means of maintaining national prosperity is the joint responsibility of all the people. But

it is in a special sense the opportunity, and responsibility, of such organizations as the Farmers Union.

The historic ideals of the Farmers Union are American to the core. It is <sup>only</sup> not/healthy -- it is vital -- for such organizations as yours to speak their minds with volume and vigor.

So I want to say to you today: Stand by your guns. Keep fighting for those bright ideals of a more equitable share of the national income for farmers -- of security for the family farm -- of real and true parity of opportunity for the man and his family who produce the most essential of all commodities.

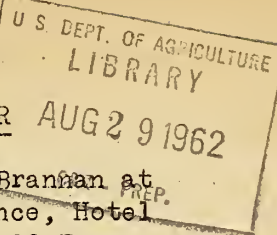
Follow your fearless and forward-looking leadership.

That way lies the solution to the problem of the so-called "extra" farm and the so-called "extra" farm people.

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Office of the Secretary

## AGRICULTURAL RESEARCH AND POINT FOUR



Nov. 31, 1950

Talk by Secretary of Agriculture Charles F. Brannan at  
15th National Farm Chemurgic Council Conference, Hotel  
Statler, Washington, D.C., March 31, 1950, 7:00 P.M.

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This opportunity to talk with you tonight about agricultural research in the Nation's Point IV program is a source of great pleasure to me.

In particular, I would like to welcome on behalf of the Administration your earnest and abiding cooperation in the world-wide efforts which we, as a Nation, propose to carry forward. We are now standing on the threshold of those activities.

Many of you undoubtedly are aware that Congress is now considering its first authorization under Point IV.

At its core, Point IV is an article of the American faith.

We, in agriculture, are familiar with the real value and lasting worth of this principle.

The vigorous growth of our agriculture can be traced in large part to the application of the identical doctrine here at home.

Let me quote from the President's Inaugural Address:

"Our aim should be to help the free peoples of the world, through their own efforts, to produce more food, more clothing, more materials for housing, and more mechanical power to lighten their burdens."

President Truman spoke his enduring faith in the American tradition he knows so well.

Those same words would have been appropriate nearly 90 years ago when the first Morrill Act gave us the foundation of our Land Grant College system.

Those same words could have been fittingly repeated when our Extension Service began its formal career of service to American farmers nearly 40 years ago.



Taken together, our Land Grant Colleges and our Extension Service today form one of the world's greatest institutions of learning.

This university -- without counterpart anywhere in the world -- is an institution dedicated, in the President's own terms, to this purpose:

"To help a free people . . . through their own efforts . . ."

This is the hidden strength of our democracy and the root of our flourishing agriculture.

This is the tested principle upon which we propose to carry forward cooperative agricultural programs within the broad scope of Point IV.

The goal, of course, is to help the farmers of other lands to help themselves.

In its essence, our program will be nothing more and nothing less than this.

In fact, nothing more should be needed.

But, by the same token, we can hardly expect to win through on anything less than the vital principle which has nourished and strengthened our agriculture.

This principle, however, faces the challenge of a sea change when we carry it abroad -- to our good neighbors in Latin America, to the newly freed peoples of Asia, and to the friendly lands of the Near East.

Can we transplant it successfully?

The measure of our success will measure the final success of the free peoples in establishing and maintaining an era of world-wide peace, plenty, and freedom.

This is a promise worth our most devoted efforts.

Peace, plenty, and freedom in foreign lands mean peace, plenty, and freedom heré at home.

This is the new equation of a world in which democracy is a dynamic and living force.

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We can make good on the promise -- for ourselves and for all our neighbors.

My confidence is founded on the long and successful history of technical cooperation in foreign lands which stands to the credit of the Department of Agriculture.

The research bureaus of the Agricultural Research Administration have an overseas record that runs back more than half a century. For the most part, the early work was concerned with the discovery of plants of desirable quality and their introduction into the United States. We have also imported animals with characteristics which would help us improve our own livestock.

This work has become a two-way street.

Today many of our acclimated plants and animals are being sent abroad where their superior qualities, in turn, may bring about desirable improvements in foreign agriculture.

Australia is making wide use of a disease-resistant variety of sugar cane which our scientists developed to resuscitate sugar cane production within our own boundaries. The new variety is now helping Australian growers combat many sugar cane diseases. Companion varieties have been introduced into Egypt and are being tested in India -- not because of their resistance to disease, but because they apparently fit the sub-tropical climates of those lands.

India and the United States also are engaged in parallel breeding programs in which the goals are high producing dairy animals which also can withstand heat and drought. Some few years ago we imported Red Sindhi cattle from India to cross with Jerseys. Our target has been a cross-bred line adapted to the Southern States by combining the Jersey's flow of rich milk with the Red Sindhi's protective sweat glands. Since then we have sent Jerseys of superior bloodlines to India to be crossed with the Red Sindhi in their homeland. Thus, the work is going forward on both sides of the globe.

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Another cooperative cattle program is the resolute campaign which the United States and Mexico are waging to stamp out foot-and-mouth disease in our neighboring republic. The disease is now under control, and we hope to bring to an end the costly and time-consuming inoculations. The control program will have to be continued to overcome any possible sporadic outbreaks when the immunity provided by the vaccine has worn off. But we can say with confidence to cattle raisers, both north and south of the Rio Grande, that the danger from the destructive havoc of widespread epidemics of foot-and-mouth disease has been greatly lessened. We are making real progress in eradicating the disease.

Our insecticides likewise are working for improvement in the Good Neighbor republics of Latin America.

Toxaphene, for instance, is gaining increasing acceptance in protecting Venezuelan and Brazilian cattle from ticks and grubs.

Benzene hexachloride, another chemical with deadly impact on insects, is growing in favor in Brazil for its effectiveness in combating the coffee berry borer. We should note, in passing, that the improvement of coffee production, from the roots up, is a field in which the Department is working in close alliance with many Latin American countries and their growers and exporters as well. In these days of high coffee prices, we can be reassured that lower production costs, as well as coffee of even better quality, is the target of the same research methods which we have used so successfully here at home.

DDT is still another insecticide which has gone south of the border to become a new weapon in the long and costly warfare which the peoples of Latin America have waged against malaria. Here the fruit of our research is going beyond its immediate use in agriculture to attack one of the most fundamental problems of tropical America. Malaria is an insidious foe. It saps the people

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of their energy and initiative, reduces their productivity, and has closed the door to full-fledged farming in many localities.

Point IV will prove to be worth every penny we invest if we do no more than help the farm people of Latin America to live in health and enjoy increased vigor. I am sure that Point IV will do much more. But in our zeal to help our neighbors improve their crops and livestock, we should guard against overlooking the fundamentals that make life worth while in the All-American sense of those words. We must devote a large share of our effort at the beginning to the conquest of human diseases, parasites, and malnutrition. This means that we must set our sights upon such problems as the production of enough food for an adequate diet, the development of pure water supplies, improvements in sanitation, and the protection of people from disease-carrying insects. These are the problems, rather than climate itself, which have retarded the economic development of the rich potential of Latin America.

The Department is fortunate in having had ten years of continuous experience in programs of technical cooperation with foreign countries and foreign peoples. Most of our experience has been gained in the Western Hemisphere. This particular work has been carried on under the general direction of the Interdepartmental Committee on Scientific and Cultural Cooperation. This committee operates on the sound working principle that the existing facilities of our Government should be utilized to the full in advancing the general program. For this reason, the Department of Agriculture has been charged with responsibility for the committee's activities directly concerned with agriculture -- in research, in extension education, in soil conservation, and in other fields of action.

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Under this general program, our Office of Foreign Agricultural Relations has recruited and sent out close to 150 scientists and technicians since 1939. Some 300 projects have been undertaken in partnership with 15 countries in Central and South America. These projects are prototypes of the activities in which we would engage under Point IV.

Cuba now has a new fibre, kenaf, which offers the sugar industry a secure source of the bagging which now costs about 20 million dollars a year and comes around the world from India and Pakistan. Its introduction is the result of cooperative research by the United States and Cuba.

Kenaf has the added advantage of being a crop which fits into the slack work season between sugar cane harvests. The research is now concentrated on completely mechanizing the process by which the fibre is harvested and delivered to the mill for spinning.

Nearby supplies would make kenaf a likely prospect for the imported fibres which we now use here in the United States in rugs, ropes, carpets, burlap bags, and insulation on electric cables.

So you can see that there is a good chance that both the United States and Cuba will share directly in the benefits of a project which first got underway in 1943.

In Guatemala, a broad program of research is now backed up with an expanding extension program to carry the findings to farmers. The research which began early in the war to replace the quinine we could no longer obtain from the East Indies has been directed along many other avenues as well. These include coffee, feeding poultry and swine, rubber, bamboo, insecticides, wool for handicrafts, forage and cereal crops, and essential oils such as citronella.

Guatemala's neighbor to the South is El Salvador where two million people live in fertile valleys and along the slopes of volcanic mountains. El Salvador

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likewise maintains a cooperative station where scientists and technicians from the United States work shoulder to shoulder with Salvadorians. At this station, mulching has been found to double the yield of coffee trees. And chemurgists will be pleased to know that coffee pulp, ordinarily a waste product, is showing good possibilities as a livestock feed. Here, too, we have recorded progress in the control of the leaf spot disease which afflicts henequin from which we obtain binder twine and cordage.

And so the list goes the circuit of Latin America. Cooperative projects of one kind or another have also been undertaken in Mexico, Nicaragua, Costa Rica, Honduras and Panama in Central America; Bolivia, Columbia, Brazil, Peru, and Ecuador in South America; and Haiti and the Dominican Republic in the West Indies.

Our Latin American research can be likened to the kind of research which we have employed in this country to make two blades of grass grow where one grew before. We are dealing with an underdeveloped agriculture where plants and animals face the constant challenge of unconquered diseases, parasites, and pests. Nevertheless, we can expect chemurgy to play its valuable part in the future by discovering new industrial uses for Latin American farm products. When it does, we can expect still further improvement in the economic life of our Good Neighbors and still other new products for our use here at home.

Our successful research in rubber illustrates the point.

All of us can remember the disastrous blow we suffered when we were cut off from the rubber plantations of the Far East.

Here in the Western Hemisphere, the original home of the hevea rubber tree, we tried all kinds of drastic experiments to overcome our rubber shortage. We imported a Russian dandelion. We experimented with numerous domestic plants. And our experimental work with guayule is continuing -- with a fair degree of success.

We undertook and completed the gigantic task of fabricating a synthetic rubber industry.

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But we also discovered that we had to construct a natural rubber industry from the ground up.

We had to find trees offering high yields.

We had to find still other trees that could resist their virulent natural enemies.

We had to find ways of incorporating rubber production into Latin American farming system.

This became a cooperative project in which the United States and twelve Latin American republics pooled their resources.

We solved the basic research problem by producing a "machine-tooled" rubber tree. By grafting root, trunk, and crown, we have devised a tree in which the elements combine high productivity with resistance to natural enemies. The three-panel tree, like any other hevea rubber tree, is ready to produce latex after five years of normal growth.

Today this hemisphere is in a position to grow natural rubber in commercial quantities. The Western Hemisphere now possesses 30,000 acres of demonstration rubber plantings, including many on family-type farms. We have likewise developed ways in which Latin American farmers can add rubber to their other crops and convert the latex into sheets of rubber at nearby small factories.

Will synthetic rubber drive this new natural rubber out of the market in the near future?

The foremost authorities in the rubber-consuming industries have summed up the answer by saying that synthetics cannot entirely replace natural rubber, even in an emergency. About 25 percent of our total requirements must be natural rubber.

In 1948, the United States relied on natural sources for 70 percent of the rubber we used and 90 percent of the natural rubber came from the Far East -- from areas of recurring economic and political unrest. Our production in the Western Hemisphere is of vital strategic importance to the United States.

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The foundation of our confidence in the ultimate success of Point IV rests upon these and many other cooperative undertakings in which we have achieved measurable progress. Nevertheless, I will have created the wrong impression if I leave you with the idea that Point IV is some kind of push button activity which will instantaneously release the bounty of peace and plenty upon the heads of our neighbors. Point IV will require hard work -- lots of hard work -- by ourselves and by our partners over the seas. But it will be work well worth the effort -- for us and for our neighbors.

We must face the problems of Point IV as well as look forward to enjoying the better living standards, the enriched foreign trade, and the just and friendly peace which we can expect the program to help us achieve.

And there are problems in Point IV.

Let me point out briefly a few of these which should concern us -- whether we are engaged in research, in education, or in private business.

One of the most important is the recruitment of personnel.

Where are we going to find the people for the working teams we will send abroad?

These people must be technically trained. They must have the capacity to work with mutual respect and harmony with people in foreign lands. They should possess at least one other language. And finally their age, health, and family conditions must permit them to go abroad -- in some cases, for a year or longer.

The Land-Grant Colleges have served as a reservoir of talent, but their capacity to recruit additional personnel is limited by their own needs for adequate technical staffs.

This problem led a few weeks ago to the establishment of a joint committee in which the Land-Grant Colleges and the Department are equally represented. This committee will formulate plans to coordinate and expedite the recruitment of the

personnel we need.

Another basic problem is to help foreign governments to discover the most effective methods of carrying information to their farmers under their own local conditions.

Our system of extension education has demonstrated the dynamic value of knowledge in the hands of farmers. But this same demonstration has made it temptingly easy for us to believe that we can transplant our system to foreign lands and expect it to function with the same perfection. We should not count upon this result. In many cases, we are faced with almost insuperable obstacles in areas where low literacy and the lack of communications have made newspapers, radios, and publications of any kind novelties of first water.

This is a challenge for educators at home and abroad.

The cooperative agricultural programs must be accompanied by determined efforts to lift the educational levels.

This is needed even in many areas of Europe where agricultural efficiency is held back by the lack of knowledge.

Still another problem is the selection of the research and educational projects of joint concern.

Our overseas missions are the advance guard of American agricultural science. Their primary task is the determination of the problems which our research methods can treat successfully. The next step is the establishment of research institutes where painstaking scientists can develop the methods suited to conditions in foreign lands.

The largest part of our work in Latin America is devoted to the complementary crops -- coffee, tea, rubber, chocolate and cocoa, spices, and many other products which we import. These are cash crops, and improvements in their production carry mutual benefits for buyers and sellers alike.

But we must likewise apply a share of our effort to the basic problem of

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helping the foreign countries produce enough food to banish malnutrition. The increased production of food for local consumption does not displace American exports. These countries lack the resources to import enough food for all their needs. Their primitive production practices, moreover, have enforced upon them the slavery of the hoe and machete, and the farmers too often lack the time and energy to turn with a will to the efficient production of the complementary crops we need.

Let me give you a comparison which will show the pressing necessity for lifting productive standards in the tropics. This example is based on the estimate of qualified observers in a representative tropical farming area. There the farmer toils 35 days to produce an acre of corn. But the United States farmer does the same job in 25 hours -- not days.

The struggle for food requires the tropical corn grower to use 15 times as much labor per acre as the farmers of this country use, and after he has worked so long his yield in the tropics is only a third of what corn growers average in our country. Thus, the United States farmer produces roughly 45 times as much corn per hour of labor as the tropical farmer.

We can achieve many desirable results by helping tropical farmers reduce the amount of labor needed in producing their food.

The efficient production of a larger volume of the cash crops for the export markets would be stimulated. The quality would be improved. Some of the labor released from the burdensome toil of farming for a meager subsistence could turn to the production of other commodities for export and domestic use. Of course, this will require the concurrent development of local industries.

We can reasonably expect improvements in trade -- multilateral trade with the rest of the world as well as bilateral trade with the United States.

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This, in turn, would give us the opportunity to complete the cycle of improvement by finding export markets for our industrial and agricultural products. Our country, as a whole, would benefit from the tonic of increased world trade.

New and larger markets -- at home and abroad -- are essential in helping us reach a permanent answer to the problem of our agricultural surpluses and low farm income here at home.

Here in the United States, farm income is now in its third straight year of decline.

Farm prices have fallen nearly 25 percent in the past two years, while the prices farmers pay have come down only 5 percent.

This is the most challenging problem we face here at home. This problem imperils the welfare of our Nation and all our people. If the downward trend continues in its course, we will approach the same conditions that led to the disaster of the 1920's.

This is the reason why the Administration has recommended to Congress certain improvements in the program to protect farm prices and farm income. The program should offer farmers an opportunity to earn more nearly a fair share of the national income. The program should employ production payments to open our markets again to the increased consumption of the perishable products which account for the larger part of our farm income. Our consumption of meat, dairy products, and eggs has been going downhill at the same time that our surpluses have been climbing.

We must stop the tide before it has engulfed us in another depression. By then it would be too late to meet our world-wide responsibilities to the free peoples who look to America as the land of peace, plenty, and freedom.

The well-being of agriculture all over the world is a matter of direct concern to us here at home. We look to world agriculture to provide many of the necessities of life. By the same token, a healthy and productive agriculture in

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foreign lands will assure better markets for the products of our own factories and farms.

We have demonstrated to the world what a productive agriculture can do -- through research and education, through desirable credit programs, through soil conservation, and through other programs which keep a sound economic structure under the feet of the farmers.

Our strong and vigorous agriculture here in the United States is in a large measure the result of this public and private cooperation. The use of research to find new industrial uses for farm products plays on the same team. We are finding it an increasingly fruitful source of help to our agriculture and the whole economy. It has its indisputable place in the technical resources which we should make available to the world through a constructive and continuing program founded upon the American principle embodied in Point IV.

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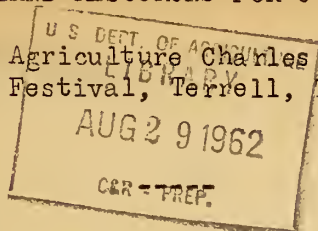
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UNITED STATES DEPARTMENT OF AGRICULTURE  
Office of the Secretary

may. 5, 1950

"BANKING" LAND RESOURCES FOR CONTINUED USE

Talk by Secretary of Agriculture Charles F. Brannan at second annual Kaufman County Vetch Festival, Terrell, Texas, May 5, 1950, 10:00 a.m., CST.



This occasion clinches my opinion on the question of why Texans are always so proud of being Texans.

It's because you've got so much to be proud of!

The spirit of enthusiasm, the progressive-mindedness of farmers, and the cooperation of your entire community are all reflected in this celebration, and are in themselves ample evidence of why Texas is a great State -- and an even greater farm state.

Of course, I hardly feel like a stranger here. I've been hearing quite a bit about this district for a long time -- good things about it, naturally -- from the distinguished Speaker of the House, the Honorable Sam Rayburn. And if that eminent statesman is an example of the kind of leaders you can produce, that alone is reason enough to be proud. I know from personal experience how alert he is to all of your problems, and how properly aggressive he can be to protect your interests.

But now I can see for myself that the Speaker hasn't been exaggerating. This must be a fine place to live and to farm; your welcome has certainly convinced me it's a wonderful place to visit.

And I must say probably nobody but enthusiastic Texans could create such an impressive festival around such an unusual theme as the humble vetch.

But when I speak of "humble vetch," let me hastily add that I am speaking only in descriptive terms about the plant itself, not of its tremendous contribution to agriculture. From the latter standpoint, there can be no doubt that the full homage we are paying hairy vetch today is certainly its just due. Perhaps that

tribute is long overdue. Plants of the genus Vicia, commonly referred to as vetch, have been recognized as of agricultural importance from the very ancient times.

But it took Terrell, Texas, to really put hairy vetch on the map -- both figuratively and literally.

So there seems no more fitting place to enthrone vetch in this role of honor than right here in Kaufman County that you so proudly refer to as the "Vetch Capital of the World."

No other area in the Nation has shown such an increase in vetch production as you have here in Kaufman County in the last eight years.

No other area in the Nation has demonstrated more effectively the successful role hairy vetch can play in the battle to build better soil.

No other area in the Nation better demonstrates how the use of vetch can pay off as a cash-crop harvest in addition to its value as a soil builder.

Farmers here are practicing sound soil conservation, and proving that such conservation is good business in more ways than one.

But more important than the dollars that vetch is contributing to your area's increasing farm income at present is the contribution it is making toward fertility of your soil for years to come.

You are wisely banking your land resources for future as well as present use.

Agriculture really is more than just a commercial venture for private profit. In part, at least, it is also a public service. Farmers can rightfully take pride and satisfaction in their contribution to the health and well-being of the rest of the Nation.

But farmers have a common responsibility of stewardship for the land on which not only our generation, but future generations, must depend for their health and for their very existence. They have a common responsibility as producers to keep abundant supplies of food on the tables of America and ample supplies of

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agricultural raw material going to our mills and factories. And they share a common responsibility to maintain adequate reserves against possible emergencies that might threaten our national security.

Farmers generally recognize and accept these responsibilities. They believe in and practice conserving and protecting the fertility of our soil for the benefit of future generations. And they know, too, that reserves for possible emergencies can be stored in the soil as well as stored in warehouses.

In some respects our land resources might be compared to the financial resources of a great bank. Wisely and productively used, the resources yield wealth and also grow in worth. We draw upon those resources, and we replenish them. By managing properly, we can keep on using those resources productively and pass them on to future generations even better than we received them.

This "Bank of Land Resources" is certainly the greatest bank in the world.

Out of it comes more than just the livelihood of nearly six million farm families.

Out of it also comes much of the lifeblood of American industry and commerce.

It is this great "Bank of Land Resources" that provides the raw materials necessary to one-third of all our manufactured products; out of it originates products accounting for almost half of all the money American consumers spend for goods and services, and providing for about one dollar in four of the revenue of the Nation's railroads; out of it comes farm purchasing power that provides many millions of nonfarm jobs in industry and commerce.

Farmers are both users and owners of this figurative "bank" of the land.

As owners, they know, like other good bankers, that safe reserves must be maintained at all times to make sure that bank never fails.

As users, they know their own accounts must be kept in balance -- they can't just go on withdrawing without making deposits, any more than you can at any other kind of a bank.

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Of course there are all different kinds of accounts, so there must be widely differing kinds of deposits.

Let me emphasize that I am speaking figuratively in discussing "balancing our accounts" with the land, not technically in regard to actual soil treatment. There is more to conservation than simply withdrawing and depositing. Let's think of our "deposits" in the broader sense of all sound conservation practices and land management.

Because there are widely varying types of soil and each has its individual characteristics and potentialities, each may require different treatment, different fertilizers, and different management for the most efficient production. There is no panacea, no single set of rules that will "balance" everybody's account with the soil. That's why sound conservation programs are based upon individual conservation surveys, and conservation plans are worked out for each farm.

Farmers must learn what to add to their individual soil to supplement what is already there, and how best to manage and use their land, to be sure of a balanced supply of nutrients in the soil for their crops. What their individual soil may need also depends on the legumes they grow in rotation, and on their other practices.

But in its broader sense, conservation farming can be thought of as making deposits to your account in the land. By good land use practices and sound conservation methods, you are helping keep that account in balance, so that you can take out what you need without danger of overdrawing.

Of course, there are a few land robbers just as there are a few bank robbers. Although a bank robber may seem to come out ahead for a short time, he seldom profits in the end. The same thing is true for any who try to rob the "bank" of the land for what may appear to be quick but temporary profits.

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But the bank robber isn't the only threat to the bank, nor the only one who usually ends up broke.

Anyone who carelessly squanders his wealth, whether he is a bank depositor or a bank owner, must suffer the inevitable consequences.

Neither can we recklessly squander the wealth in the land. We suffer the consequences -- as individuals and as a nation. Remember, the wealth of future generations is included in resources of our "bank" of the land.

Farmers are responsible for that bank's security. It's your bank -- you can't let it go broke.

Farmers of Kaufman County have shown they are neither willing to rob the soil, nor recklessly squander its wealth. They have adopted the far wiser course of thrifty management -- of good conservation. They are banking part of their wealth in the soil, and keeping their accounts with the land well balanced through increased diversification and other sound land use principles.

I'm sure if we had bank examiners for such purposes they would rate this entire area high in the condition of its land resources.

Much of the credit, I'm sure you will agree, lies with that hardy winter legume this community festival salutes -- hairy vetch.

Ten years ago, it was virtually unheard of here or in other parts of Texas. But in that comparatively short time it has been proven ideally adapted and has been widely accepted over much of Texas as a versatile crop that gives ground cover for row crops, provides almost complete protection against erosion, provides pasture for winter and spring grazing, can be planted after cotton or peanuts and be plowed down again in the spring for corn, sorghums, or other row crops, and gives as high as 8 to 10 tons of green manure an acre.

Advantages and adaptability of hairy vetch have been established and extended so rapidly and so widely as to create a constantly increasing seed demand, which in turn is providing hairy vetch producers with expanding opportunities for

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a new cash crop through harvesting for seed.

Texas is now one of the Nation's foremost producers of hairy vetch seed, with an output of 6 million bushels last year -- most of it from right here around Terrell.

Hairy vetch was introduced into use by producers of Kaufman County through the efforts of the Agricultural Conservation Program in 1942 -- a good example of the benefits of teamwork between the people and their Government that a democracy can provide through such constructive programs.

Interest in hairy vetch spread rapidly as neighbors watched the results obtained by early producers, using it both as a soil builder and a money crop.

Last year, farmers in the Kaufman-Zandt Soil Conservation District harvested 1,630,000 pounds of vetch seed -- more than three times the 1948 total, and 26 times the amount harvested in 1946. This year there are approximately 35,000 acres planted to vetch in Kaufman County.

Its cash value can be counted high to this agricultural community, but its value can be counted even higher through the increased production of other crops brought about by its use in increasing fertility of the soil through crop rotation, not only throughout Texas but in many other states as well.

It has proven a life saver to the expanding dairy and livestock programs of this and other counties, as producers are turning more to soil-building crops, livestock production, and feed grains on the acreage diverted from cotton so as to have a better balanced agriculture.

It has saved from destruction by wind erosion countless acres that were threatened with the loss of all productivity but now are once again economically useful, thanks to hairy vetch. A good example in your own State is in the Cross Timbers wind erosion section northwest of Fort Worth where the Soil Conservation Service had found it most difficult to stabilize the sandy soils with such conventional measures as terracing and strip cropping, until the multiple-purpose

hairy vetch was introduced.

You are familiar with the benefits of vetch to your own farms, your own area. You need not be told of the many examples of almost phenomenal increases in production obtained for a wide variety of crops through the use of vetch in a rotating pattern.

But you should know, too, that such benefits are being constantly spread farther and wider as you increase the production of vetch seed to meet the increasing demands from other farming areas of the Nation.

Winter cover crop tests of the Department of Agriculture's experiment stations have established hairy vetch as one of the better strains for soil improvements. And the widespread adaptability demonstrated by such tests is creating an increased demand for the seed you produce.

Vetch fits so well into the pattern of a better balanced agriculture for the Nation that you can expect that demand to continue strong.

For a sound agricultural economy, we need greater diversification; we need a greater shift to animal agriculture -- to dairying, to meat production. Our agricultural policies are being aimed in that direction, and the diversion of countless acres from row crops throughout the Nation is going to mean a heavy demand for more grasses and legumes that can do what hairy vetch can do -- build the soil, but also build the farmers' income at the same time.

Scientists stress the need for a protective cover on the land for the control of erosion. But farmers must make a living, so the protective cover must be a productive cover as well.

That's what you are providing with hairy vetch.

Of course, your use of vetch is only a part of well-rounded conservation programs and practices, although indeed a very important part. I'm glad to know, however, just how totally conservation-minded you are here in Kaufman County.

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During the past four years the Kaufman-Zandt Soil Conservation District has demonstrated outstanding progress and improvement in contour farming, use of cover crops, crop residue management, seeding of pastures, building of field and diversion terraces and collective terrace outlets, and similar conservation practices on the 1,784 farms within the district for which active conservation plans have been prepared.

Under the Agricultural Conservation Program your county seeded approximately 1,541,393 pounds of winter legumes, seeded 65,460 pounds of pasture grasses and legumes, used 2,362,380 pounds of superphosphate and constructed 201,600 feet of terraces.

That's quite an impressive record, but I'm glad it doesn't stop at your county lines. Similar conservation progress is taking place all over Texas, with 92 percent of your State's farms and 84 percent of your State's farmland now in organized soil conservation districts -- some 156 of them, I believe. Active conservation plans are being carried out on over 32 million acres of Texas farmland right now.

Perhaps that is one of the reasons Texas has become the largest producer of farm income in the Nation with cash receipts from farm marketings last year reaching more than \$2,150,000,000.

Conservation of soil and water must always be an essential part of any adequate and realistic farm program that is designed to safeguard permanent abundance and prosperity.

In our complex and interdependent economy, all of our farm programs have to work together to carry us toward the goal of agricultural abundance, efficiently produced, and distributed at prices fair to consumers and producers alike.

Conservation can help reach that goal.

We are making progress. The conservation programs here in Kaufman County are an outstanding example. It is a sample of the kind of up-to-date farming

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that may be found on an ever-expanding scale from Maine to California. We can see it demonstrated in varying degrees in most of the nearly 2,200 soil conservation districts covering more than three-fourths of our country's farms which farmers have organized and are managing in every one of the States and Territories. Through these districts, the Department of Agriculture makes available the technical aid of the Soil Conservation Service. And all over the Nation we can also find a majority of American farmers applying conservation practices through the assistance of farmer committees working under the Agricultural Conservation Program and the educational assistance of the Extension Service, just as you have done here in Kaufman County.

All of this is heartening -- particularly the example set in this area -- yet we all know that if our land is to be permanently capable of abundant production we must work on the conservation job on a national scale even harder than we have worked in the past.

As a nation, we are still withdrawing more from our "Bank of Land Resources" than we are putting back to build up and protect our resources.

We are still a young country, as nations go. But we are already growing old in the sense that we have drawn heavily and wastefully upon the heritage of nature.

It is not exaggerating to say that continued waste of land, water, and timber could eventually deplete our "bank" balance of wealth in the soil so drastically as to make us no longer able to feed, clothe, and house ourselves adequately. And I am quite sure that it would mean that we could no longer use our abundance of food and fiber in promoting world peace and prosperity, as we have been and are now doing.

We dare not stop or slow down in our conservation efforts. Fortunately, we have a program through which technical assistance is provided directly to farmers in soil conservation districts; and we have a program through which public

funds are provided to pay part of the cost of work done by farmers to protect or improve their soil and water resources.

But it would be a mistake to conclude that conservation is a concern only for farmers and the Government. To get the conservation job done, properly and in time, is going to take the continued best efforts and teamwork of everybody who has anything at all to contribute to the task -- farmers, bankers, machinery concerns, agricultural agencies and farm organizations, educators, press and radio, and many other interests.

You offer an excellent example of the effectiveness of such teamwork in the success of this Terrell event, focusing public attention on sound conservation practices. I'm glad to know that business people in this county realize they are dependent upon agriculture, and are cooperating with farmers in their battle of soil building. Such cooperative conservation support is entirely proper, because the whole public interest is involved -- all of us have a stake in keeping safe <sup>banked</sup> reserves/in the land.

None of us can afford wasteful agricultural production, or soil destruction. We are all affected by such waste, whether we live on a farm or in a city, in a shanty or in a mansion. In the final analysis, every man, woman, and child depends for life on the fertility of the land. And the continuing fertility of the land, in turn, depends upon a great many economic and social factors.

Progress in conservation is closely linked with economic opportunity in agriculture.

When farm prices are fair and farm income adequate, the farmer is able to farm the land well, to practice better soil conservation and crop rotation methods.

But when farm prices drop and farm income dwindles, the farmer must of necessity think more of the present than of the future; he is inclined to sacrifice sound conservation practices in an attempt to get more adequate immediate returns out of his soil. He seeks to make up in greater production what he is losing in

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lower prices, even at the expense of unsound and wasteful practices depleting the fertility of the soil.

The farmer seldom mines his soil because he wants to. Unfortunately, however, he is sometimes forced to do it out of necessity -- forced to do it for his very survival.

The farmer is no different than anyone else in this respect, and other people should be able to understand his plight. When economic reversals and unexpected setbacks occur, people find it necessary to withdraw their savings from the bank to live on; sometimes they find it necessary, once their own savings are gone, to borrow from the bank in the hope of tiding themselves over until conditions change.

It's not much different with the land. Instead of saving and using it wisely -- that's what conservation is -- the farmer is compelled by economic reverses to borrow heavily of the soil's fertility for the existence of himself and his family.

When too many farmers find themselves compelled to do the same thing, a dangerous and unhealthy situation is created threatening the security and dependability of our land resources.

You know what can happen if everybody starts withdrawing their savings from the bank at the same time. You know what would happen if people all withdrew more than they had put into that bank. The bank would just go broke.

We certainly can't afford to have a "run" on our "bank" of the land.

Yet at the present time, agriculture faces a somewhat uncertain situation. The buying power of farm products has fallen to the lowest point since mid-1942. The prices farmers get are tumbling faster than the prices farmers have to pay.

Farmers are already running into sharp price and income difficulties. Prices received by farmers generally have dropped nearly 25 percent from their postwar peaks in 1947. For some commodities there has been an even sharper

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price break. Feed grains and hay have dropped almost one-half from their postwar peaks; food grains and animals about a third. The prices farmers pay, however, have come down less than five percent in those same two years, and total production expenses in 1949 were even higher by seven percent than in 1947.

Even though agriculture is producing at a record level, farm net income nationally has been greatly lowered by falling farm prices. In 1947 farm net income totaled nearly 18 billion dollars. This year it may fall below 12 billion -- a drop of one-third in three years.

You have been better off in Texas than in most states; you are one of only five states that showed an increase instead of a decrease last year in cash receipts from farm marketings. But remember that your increase came more from increased production than increased prices, and that sometimes, unless sound conservation practices are followed, such increased production comes at the expense of the land.

Farmers need assurance of adequate economic opportunity to practice sound conservation methods as fully as the Nation needs.

Without that opportunity, there's too much danger of another "run on the bank" -- the danger of mining the soil.

We know what happened to many of our banks at the outset of the great depression. We have since decided from that costly lesson that it was in the public's interest to protect the stability of those banks, and insure the deposits of the people in them.

It is just as much in the public's interest to protect the stability of our land resources.

Our Nation's farm programs have made steady progress in that direction. Without the protection of existing price support programs, conditions would likely be far worse for the American farmer today. We have eased the transition from World War II to peacetime conditions with far less hardship upon the farmer than occurred after World War I.

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I am sure this area has benefited considerably from the loan and price support programs on cotton, cottonseed, grain sorghums, corn, wheat, dairy products, and oats.

We need such protection for farmers, in the Nation's interest. We also need to improve such protection whenever it is found necessary, and whenever it is found possible.

The farmer is entitled to that protection in return for his stewardship of the soil as the custodian of the very basis of our national life.

If the farmer is expected, in the Nation's interest, to do an adequate job of soil conservation, he needs the economic opportunities that will permit it.

If we are to have stable and prosperous rural communities with good schools, churches, health, and other facilities, it is plain that many farm people need greater economic security and the opportunity for better rural living.

The status of agriculture is always a matter of national concern.

It calls for far-sighted national policies, not only to conserve the material and human resources involved in it, but to provide for the national security, promote a well-rounded prosperity, and secure social and political stability.

It is an economic and social problem that concerns everyone.

We must all work together toward increasing the opportunities for better rural living.

We must all work together toward encouraging sound conservation practices, and toward providing adequate economic opportunity for using those practices.

We must provide now for the future by "banking" our land resources wisely.

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UNITED STATES DEPARTMENT OF AGRICULTURE  
Office of the Secretary

LET'S BEGIN AT THE BEGINNING

May 10, 1950  
Talk by Secretary of Agriculture Charles F. Brannan at Columbia  
Basin Inter-Agency Committee meeting, Kalispell, Montana,  
May 10, 1950, 2:30 p.m., MST.

AUG 29 1962

CGR - PREP.

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This is the first meeting of the Columbia Basin Inter-Agency Committee which I have had the privilege of attending. Naturally, I have been an interested observer of your activities ever since this committee was formed four years ago this week -- on May 8, 1946. Your work has confirmed my belief that inter-agency committees serve valuable purposes.

These meetings are a useful forum for the exchange of ideas on river basin programs.

We also have a continuing opportunity to foster cooperation between Federal and State governments and their respective agencies.

And these relationships must and will be improved -- all over the Nation.

Tomorrow President Truman will dedicate Grand Coulee. It will be a lasting memorial to the prophetic vision with which Franklin D. Roosevelt turned into reality the plans of the basin's own citizens to use their resources for better living.

We should avoid the mistake of considering the dedication the end of an era in which we have built many great public works -- like Bonneville, Fort Peck, the control works along the Tennessee, and many other dams and reservoirs throughout the Nation. We are only at the beginning of the era in which we will completely harness our great rivers and put them to work for all the people.

President Truman has said -- with spirited confidence in America's future -- that the greatest opportunity to enrich our people lies in the improvement of our river basins.

Here on the roof top of America we can look east and west and see the work to be done.

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There is surely enough work to keep many generations of Americans busy.

The Northeast is hungry for low-cost power. Nevertheless, we are still waiting for a go-sign for the St. Lawrence seaway and power program. It would generate just about the cheapest hydroelectric power in the world. The full resources of the Niagara, Connecticut, and Delaware are still unharnessed.

In the South, the Tennessee is the only big river that has been put to work. Many others are yet to be developed -- from the Potomac all the way around to the Rio Grande.

In our Central States, the Ohio, Mississippi, and Missouri are in various stages of development.

Here in the Northwest, river basin improvement is well advanced. Here we can see clearly the basic truth that our river valleys carry the promise of a brighter future for all our people.

The best way of doing the job is through comprehensive, multiple-purpose plans for resource development.

We have learned, also, that a river basin or some other large region with common interests and common problems is an ideal base -- not only for planning the work, but also for getting it done.

These are new ideas here in America.

They have evolved from a century or more of piecemeal efforts to control and use our water.

We have aimed at various times at flood control and navigation.

Later we bent our energies to irrigation.

Still later we discovered that our great rivers are never-ending sources of hydroelectric power.

In the meantime, large metropolitan centers have found it increasingly necessary to conserve water for domestic, municipal, and industrial uses.

But this piecemeal approach often created costly and stubborn problems in later years.

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Early efforts to control floods with levees alone usually resulted in building them higher and higher with the constant threat of even greater damage once the levees are overflowed or broken.

We are all familiar with early irrigation projects which failed because irrigation farming by itself could not pay the huge cost involved and because the original plans ignored many of the problems which irrigation farmers face.

Many Eastern rivers are dangerously polluted because local governments have provided water for industrial use but neglected to provide safe outlets for industrial wastes.

Trial and error have taught us the costly lesson that we must combine our goals in dealing with the problems of too much and too little water.

In accordance with our needs and the location, we try to balance the flow of water so that we can prevent floods, float cargoes, irrigate arid land, generate power, and provide pure water for homes and factories. We have learned also that recreation can be a by-product of great value.

We seek these results mainly through the construction of great public works--dams and levees, canals and locks, dynamos and power lines.

In these engineering enterprises, the Government is its own agent, uses public funds for all costs, including reimbursable charges, and goes ahead on sites where the Government has property rights.

This usually is what we have meant up to now by a balanced multiple-purpose program.

But our present-day programs are not well-balanced in the real sense, nor are they truly multi-purpose.

Land and water are the inseparable elements of a single problem. This is a lesson every good farmer never forgets.

We will never achieve real balance until our programs become integrated land and water programs. They must take into consideration the sum total of



individual farming operations which constitute the business of farming. Farmers have an interest in the utilization of land and water and the policies which influence such use. This interest must be clearly recognized:

1. If we are to achieve good farming everywhere.
2. If we are to achieve long lasting success with our river programs.

Good farming is the use of our resources in land and water to the best advantage of the farmer, the community, and the Nation.

But we have failed for the most part to utilize the benefits of good farming in carrying forward our river basin programs.

Undoubtedly there are many reasons for this neglect. Our traditional piece-meal approach has led us to think first in terms of engineering works. Another reason probably is the very human practice of viewing river basin development as programs in which Government operates by itself in behalf of the people.

Farmers, like everybody else, share in these benefits -- to a small or large degree in accordance with the particular goals of an individual program. But this concentration upon benefits and beneficiaries has narrowed our field of vision and limited our field of effort -- especially when we deal with agriculture and its basic relationship to land and water programs.

Farmers can contribute to the success of basin programs as well as benefit from the improvements they bring about.

We should gear our programs to this principle by giving farmers the opportunity in the future to take part in the work. This means that we should undertake unified land and water programs in which our farmers are given full opportunity to use their own resources in helping the Nation solve its land and water problems. We would discover farmers ready and willing to cooperate in the full conservation and improvement of our resources.

Our land and water problems should be dealt with at their beginning.

We should start on the land itself. We should begin our work where the water from rain and snow-melt starts to course downhill on its long and steady rush

to the sea.

Here we can begin to meet the challenge of devastating floods.

Here we can erect a defense against drought.

Here we can throttle down erosion -- not only safeguarding our limited resources in topsoil, but also protecting massive downstream public works against siltation, the deadly enemy against which they have no adequate defense.

Here we can begin the vital task of regulating the flow of water so that downstream cities will no longer be confronted with the alternate disasters of too much and too little.

Here we can begin to make better use of water in strengthening the Nation's basic industry -- its agriculture.

The farmer is in a position to carry forward our battle against floods and erosion and drought -- the complex and complicated problems of too much and too little water. These are his problems, too. Their satisfactory solution means in general a better farm, better yields, and an opportunity over the years to earn a better income.

For these reasons the farmer could be a full-fledged member of the team.

His common interest can be turned into more effective action by the adoption and use of practices which make for conservation farming and good land management.

The conservation pattern will help farmers hold more water in and on the land by the use of contour farming, terraces, farm ponds, and other means. Grass and legumes, trees and shrubs likewise can increase the land's capacity to store water and prevent excessively rapid run-off and erosion. Farmers can build grassed waterways and other outlets to ease the water forward without gullying the land. These and many other similar practices form the technical apparatus of conservation on the farm.

But conservation farming must have its foundation firmly laid on the bedrock of good farm and land management. This is the basic principle which farmers are increasingly employing in developing adequate plans for their present and future

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farm operations. These plans must indicate a likely opportunity for fair returns from the continuing safe use of our land resources in conservation farming. This is the key to sustained and successful cooperation by farmers in our programs of river basin development.

This analysis may make the task appear as easy as opening a sluice to let irrigation water run into a new ditch.

But the same continuous, coordinated, and unified effort that has gone into building Grand Coulee would be required to establish conservation farming and good land management throughout the Columbia Basin. The similarity to the construction of a great engineering project ends right there. The agricultural program would differ in nearly every essential respect.

Instead of one single project under centralized control, there could be as many as 200,000 projects -- one on each farm in the Pacific Northwest.

Each farmer would be his own program manager, and participation would be purely voluntary on his part.

The conservation work which he would agree to undertake would<sup>be</sup>/carried out as part of his regular farm work. We could not expect him to be a conservation farmer one day and a business farmer the next. The conservation practices would have to dovetail with going farm operations which must pay their own way and yield returns over and above net out-of-pocket costs. This is one of the problems in river basins where engineering programs already are well advanced. The farmers need assistance not only in solving the complicated problems of conservation and good land management, but also in keeping their farms on a paying basis while vital adjustments are carried through to their completion.

We should be ready to place at the disposal of farmers first-rate technical assistance in conservation and land management.

Our extension and technical advisory services should be prepared with the latest technical "know-how" in many highly specialized fields of farming. These recommendations should be based upon scientific knowledge of the basin's soils,

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topography, rainfall, and run-off. This information is, as of now, incomplete. Moreover, we should speed up our research and aim it directly at the farming problems of the Columbia Basin, especially those arising from the public works program now in progress. We should be prepared to meet the acute technical and credit needs of the new farmers who are expected to settle on the million-acre irrigation project which may be opened with Grand Coulee water at the rate of 50,000 acres a year beginning in 1952.

Our ability to equip farmers with technical knowledge and skills is bound to be vital to the success of any land and water program.

Let me give you an example.

Here in the Columbia Basin our preliminary reconnaissance has indicated that two million or so acres now in crops probably should be planted to grass and trees. In the Missouri Basin, where we have already prepared and recommended a complete thirty-year agricultural program, about twenty million acres of cropland should be turned into grassland.

When we convert recommendations like these into actual farming practices, we discover that, in reality, increased livestock production has been recommended. However, some of the cash crop farmers whose land should be sown to grass and legumes have had little or no experience with livestock. Quite naturally these farmers would be unable to carry out the basic recommendation until they had had an opportunity to acquire livestock "know-how." Therefore, the program would have to undertake the responsibility for providing these farmers with that opportunity. A similar responsibility would exist wherever the program recommended the use of irrigated land as the headquarters and feed base for livestock operations.

Imparting new skills would play an important part in achieving vital land use adjustments. But we would also have to face the fact that livestock farming ordinarily requires a heavier investment -- in livestock, new equipment, and even new buildings. The technical assistance would have to be supported by adequate

credit and possibly other types of financial aid.

We should also be prepared to share with farmers the first costs of major conservation installations and practices.

There are good reasons for sharing the burden.

First, the public would share the benefits -- in reduced floods, in less siltation in costly reservoirs, in better water supplies, and in many other ways. Yet substantial outlays of capital are required to build protective systems of land terraces, farm ponds, fire guards, sodded waterways, and the like. The principle of public reimbursement for performing a public service is sound. In fact, we apply it today in our conservation programs, but to a lesser degree than would be required to match and protect the public works program now going forward in the Columbia Basin,

Second, new conservation practices sometimes temporarily reduce farm income. This is particularly true for a farmer who has expanded his grasslands. The next logical step is to build up his livestock inventory to use the larger amount of forage from land that would otherwise produce cash crops. Reliable farm accounting studies indicate that the years of herd enlargement are usually years of diminished farm returns. A new and costly farming system is rarely adopted solely to improve soil resources when the price is reduced farm income, years of heavier debt, and the possibility of losing the ownership of an improved farm. In these circumstances, the public's paramount interest in conservation clearly calls for assistance -- by credit and by direct financial aid -- to help the farmer bridge the gap.

Our efforts to support farm prices and farm income should operate in harmony with our programs to encourage the conservation of our land and water resources.

We could better adapt our programs to that end -- first, by extending mandatory price supports to perishable commodities, including all livestock products, and second, by supporting those products through production payments. This system would encourage grain farmers to shift the use of more land to grass and livestock. Production payments would help us open the door to increased consumption of meat, milk, dairy products, eggs, and poultry.

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These are the products of conservation farming. They are also the products for which people have demonstrated a preference. The Nation's steadily growing population indicates, **moreover**, that we can count upon a growing demand for the products of conservation farming. Improving our price support program would tune the engine of our farm programs so that it could carry us more swiftly and more surely to the goal of real conservation in American agriculture.

Here in the Columbia Basin the immediate task is the preparation of an agricultural program which meets all the varied needs of the basin and its people.

The program will be truly comprehensive.

It will turn the spotlight on the different problems of our land and water resources in the Pacific Northwest -- flood control, siltation, erosion, and the associated problems of unwise farming and forestry practices. It should chart the areas of poor land use where overcropping, overcutting, and overgrazing could turn rich farm, forest, and range lands into silt-breeders and ruin their usefulness in flood control. Similarly, the program will inventory the land which farmers could bring safely into production by clearing, drainage, and irrigation.

But, in addition to reporting these problems, the program will recommend the improvements in farming and forestry essential to their solution. Where we lack the knowledge at present, the program will recommend the research necessary to provide the answers.

The program will be concerned with developing the best methods for improving the uses of the publicly-owned lands of the basin. These represent more than 50 percent of the area. For the most part, they consist of forests and ranges and constitute one of the most **valuable** assets of the region and the Nation. In fact, the public and private forests of the Northwest contain about 45 percent of the Nation's saw timber. The maximum perpetual use of these resources is essential for both national and regional welfare, and their adequate treatment is certain to prove one of the most important problems embraced by this program.

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Another vital area within the scope of the program is the pressing necessity for helping farmers of the Northwest utilize all the advantages of the basin's public works program. Here the most acute problem is that represented by the new settlers on the irrigated lands already opened as well as the vast tracts soon to receive irrigation water for the first time.

But preparation of this program will begin July 1. We expect it to be completed within the next three years.

Your chairman, Herbert W. Peet, will head the group within the Department of Agriculture which will be charged with responsibility for drafting the program. Herb Peet has lived in the Northwest nearly all his life, and his intimate knowledge of the basin and its people, gained from years of newspaper work as well as Government administration, is first-class assurance that the program will fit the basin. His group will include capable and responsible representatives from all the specialized agencies within the Department which can contribute technical knowledge and "know-how" to the production of a program of guaranteed success. The States will have a voice in its preparation through their respective agencies in the fields of farming, forestry, and land management. The land-grant colleges, including their research and extension divisions, will be represented in this group, and their cooperation as well as their resources are already pledged to the work before us. We regard the pledge as a badge of mutual responsibility in performing a teamwork job.

We also expect to have the benefit of the cooperation of the Department of Interior and other Federal agencies with responsibilities for land and water management in the Pacific Northwest.

I would like to add, in passing, that these same technical agencies -- both State and Federal -- will be the agencies which would administer the program if Congress gives its approval. I would like to make this point here because I want it clearly understood that the preparation of the Columbia Basin agricultural program does not contemplate the establishment of a new agency to carry it to

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completion.

Another essential point is that the Columbia Basin program will draw heavily upon farm thinking throughout the basin. Farmers will have a direct opportunity to contribute to the program through their soil conservation districts and their PMA farmer-committees that administer the agricultural conservation program, price supports, and crop insurance. This means that the final product will have its roots deep in Columbia Basin soil.

At this stage, there is no way of knowing the exact shape of the program which will be prepared for the Columbia Basin.

However, we can measure its scope against the recommendations which have been prepared for the Missouri Basin and are now before Congress for action. The Missouri River drains about half a million square miles; the Columbia Basin is a little less than half that size -- about 225 thousand square miles. There are some other essential differences. The Columbia Basin has proportionately more forests and less cropland. But the fundamental approach, the fundamental tools, and the fundamental problems are similar in their essence.

Undoubtedly, many of you are familiar with the technical aspects of the proposed program for the Missouri Basin. In any event, I will not take time for a detailed description of the program. In rough outline, it consists of ten specific fields of effort. The first five could be called operating programs for they recommend improvements in grasslands and cropland, in forests and forest range lands, and in small watercourses as well as specialized attacks on the problems of irrigation and drainage. The Department would support these efforts with the services essential to encourage the adoption and installation of the recommendations. These services would include complete soil surveys, expanded credit resources, extension education, and research, and special studies to hasten the complete rural electrification of the Missouri Basin.

Virtually all the activities proposed in the Missouri program are being carried forward right now by the Department under Nation-wide programs of conser-

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vation, forestry, extension education, soil surveys, credit, and so on. These national programs move along at the same rate of speed in every part of the Nation. Basin planning and basin programs should enable us to speed up our work in keeping with local conditions. This would keep the agricultural programs in balance with public works programs which cannot be conducted on a uniform national basis. We would also have the extra punch we need to overcome severe problems which are not being met and cannot be met under our programs as now set up.

The Missouri program, in fact, calls for three times the rate of present progress. This speed-up gauges the severity of the land and water problems in that basin. With this acceleration, we would accomplish in thirty years the work we would otherwise do in the next hundred. This, in turn, gauges the magnitude of the program necessary to protect the basin against the perils of floods and drought and to give its agriculture the opportunity to produce sustained abundance.

The exact pattern of the Missouri program may be found unsuited to conditions west of the Continental Divide. This is primarily a matter for Mr. Peet and his group to work out. Nevertheless, I hope that the Columbia program will have the same basic character. It reflects accurately the best traditions of the Department and its fellow institutions, the land-grant colleges. So I would like to describe briefly a few of the elements which have made the program an outstanding landmark in conservation.

1. It is a careful and complete appraisal of conditions in the basin. The recommendations reflect the direct and indirect participation of literally hundreds of people living and working in the basin -- on its farms, in its research stations, at its colleges, and in its governmental agencies, both State and Federal.

2. The program is designed to rely on the cooperation which it merits and would receive freely and fully from farmers, ranchers, and landowners -- as individuals, as members of FMA farmer-committees, as residents in soil conservation districts. They would have the option of taking part as they see fit.

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Participation would be fostered by many kinds of assistance, including direct aid. It should be noted that this form of help is based upon the expectation that the genuine value of the program would make it worth while for them to assume costs that would outweigh the public reimbursement at the rate of three or four to one.

3. In its administration, the program would be operated in the basin by the local agencies of the Department of Agriculture and the State Governments, including the land-grant colleges, cooperative extension service, and experiment stations. Farmers would have the opportunity to participate through the institutions which they have created.

4. The program calls for the maximum integration of the work of these agencies on the land of the participating farmers and ranchers. In the main, the farm itself would be the administrative operating unit. It would be the point at which the program comes into sharp and effective focus.

5. The recommendations propose complete and unified treatment of the land and water resources of the basin. This recognizes the doctrine of interaction which has been demonstrated time and again in our agricultural research. Perhaps I can make my meaning unmistakable by saying that the program recognizes the basic unity which exists between flood control, erosion control, land management, shelter-belt plantings, and so on through the long list of the technical aspects of the program. There is little point, for instance, in building upstream dams for flood control unless these structures have the protection of good land treatment. Land and water must work together, and our own programs must be founded on this principle.

These fundamentals are essential to a clear understanding of the program. We must continue to drive home the fact that conservation farming is an indivisible part of the business of farming. We should avoid the visionary and mystical concept of conservation. The Missouri program is rooted in the honest conviction that farmers are capable of practicing conservation when they have the opportunity

and the assistance they need to overcome economic and technical obstacles.

Agriculture has only begun to show what it can do in meeting the Nation's land and water problems. If we are to obtain the full benefits of a balanced attack, we must close the gap between agricultural conservation and other water programs.

This requires renewed emphasis upon the need for a continuing close working relationship between farmers and Government in all our efforts to utilize land and water. This should be the predominant theme as we move forward.

As a result of these common interests and responsibilities, a basic understanding has grown up between the Department and the farm and livestock people of the Nation. We put a high value on this partnership, and its intrinsic worth has been demonstrated in many successful efforts to protect the vital interests of the Nation as well as the basic welfare of farm people. We are confident that the basin programs will strengthen this partnership.

Public welfare requires that farmers have the support and assistance of effective and well-adapted public programs. But there is a vital function which only the farmers can perform through the sound management of their own farms and by working together in and through their own organizations and local institutions. The Government's role is essentially one of assistance. It can never provide a complete substitute for the farmer's own efforts. We must never forget that every farm family is the custodian of basic resources upon which the destiny of a great Nation ultimately depends.

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may 16, 1950

Summary of talk by Secretary of Agriculture Charles F. Brannan at National Crop Insurance Conference, Savoy Hotel, Denver, Colo., May 16, 1950, 7:00 p.m. MST.

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Expanded use of crop insurance is necessary to "fill a gap" in other efforts for economic stability in agriculture, Secretary of Agriculture Charles F. Brannan declared tonight in addressing the National Crop Insurance Conference at Denver, Colorado.

The conference is being attended by PMA committeemen and State crop insurance directors handling administration of the Federal crop insurance program. Secretary Brannan spoke at the conference's annual banquet at the Shirley-Savoy Hotel.

Crop insurance and farm price supports have distinct but related roles in the Department of Agriculture's over-all efforts for agricultural stability, he declared, adding that "both are needed to keep the rest of the Nation's economy sound."

Both assist farmers toward maintaining "a reasonably stable income at a fair level -- a level which is equitable to farmers and in the best interest of the other economic groups within our population," Secretary Brannan explained.

"National interest has currently centered on one phase of our farm programs-- upon price supports. That is rightly so, for prices and income are the very heart of any sound, over-all farm program. And price support is the most effective device or method yet authorized to keep our fluid farm prices in balance with non-farm prices.

"But price supports, important as they are, are not the only program we have undertaken to contribute toward agricultural stability."

Secretary Brannan reviewed how agricultural research, farm credit programs, conservation, rural electrification production guidance, marketing assistance, and all of the Department's educational efforts contribute to the "common purpose."



"However, all these constructive efforts toward agricultural stability still leave a gap unfilled -- the gap of crop failure," he declared.

"Even the most efficient farmer, making the best possible use of the results of agricultural research and practicing the most approved conservation methods, is always subject to whims of the weather. Such forces of nature as drought, flood, hurricane, and freeze are all beyond his control."

Good prices, he emphasized, are of little importance to a farmer who, because of such natural hazards, is unable to produce anything to sell.

For real stability in agriculture, he added, "something more is needed to meet the very real emergency of crop failure.

"That is the role of our crop insurance program."

After experimental periods in what was virtually an untried field, excessive losses are being eliminated and improvements made in the program's operations sufficient to justify expansion of crop insurance on a sound business basis, Secretary Brannan said. Experience has now been obtained to indicate clearly that a soundly operated program can be developed on a Nation-wide basis, he said.

"But farmers must realize it is a straight business proposition -- protection of their crop investment for a premium," he explained. "It is necessary to build the program on that sound business basis -- building up reserves in good crop years to provide necessary indemnities in poor crop years.

"Crop insurance is both a national and a local program. Each insured farmer has the protection of national reserves. However, more and more local farm leaders, farmers, and businessmen are realizing that a county's crop insurance program is in effect a county business, and should be operated as such. Success requires that local premiums over the years must pay local losses. When the local business character of the program is understood, there is closer supervision and study at the county level, and more efforts made to reduce the risk in order to cut the cost."

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Crop insurance programs are now operating in 552 counties, with authorization voted by Congress for its gradual expansion during the next four years.

In cumulative totals for the past five years, insurance programs on wheat, corn, flax, tobacco, beans, and multiple crops have all ended up "in the black," with more premiums collected than indemnities paid. Only the cotton program is still "in the red," losses exceeding premiums in all but one of the five years, Secretary Brannan revealed.

Building up county reserves on a "county mutual" basis is entitling counties to "earn" reduction in insurance rates, he added. Thirty-one counties now have reserves of over \$200,000, and two counties -- Stutsman, North Dakota, and Chouteau, Montana, have reserves of over \$600,000. Valley County, Montana, still has a reserve of \$77,858 after paying out indemnities of \$457,670 on heavy wheat crop losses in 1949. If all the farmers eligible in Valley County had taken advantage of the insurance protection, Secretary Brannan said, the indemnities would have reached \$1,695,072.

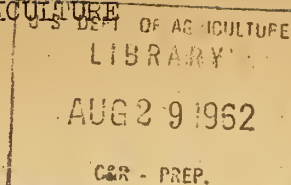
"With drought, dust and crop disaster having hit a number of areas not far from here in recent months, it's time for farmers and businessmen alike to realize the importance of crop insurance to their financial security if crop disaster happens to strike," Secretary Brannan declared.

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IN STEP WITH OUR TIME

May 22, 1950  
Talk by Secretary of Agriculture Charles F. Brannan at national premiere of "Waves of Green" (produced by Dearborn Motors as tribute to land-grant colleges), Nashville, North Carolina, May 22, 1950, at 5 p.m., EST.

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It's good to be here with you in Congressman Cooley's home town.

I think it is an appropriate honor to you, and to Congressman Cooley, that this community should be selected for the premiere of a motion picture emphasizing the great strides of progress that have been made in agriculture and agricultural research. For I am sure you people appreciate with me the sincerity of purpose and constructive influence Congressman Cooley has always shown in behalf of agricultural welfare, not only for his own district but for farmers of the Nation.

I'm glad to know the film we are going to see pays a deserved tribute to the great work of the land-grant colleges of our Nation, as partners with the Department of Agriculture in farm and home research, and in extending the results of such research to farm people. To these institutions, and to the able men and women of their staffs, belongs a large share of the credit for providing the new knowledge which the farm people of this Nation have used so successfully to attain the high plane they now enjoy.

The far-seeing vision that led to endowment of agricultural education in a nationwide network of colleges through grants of public lands has repaid our Nation manifold.

Our Land Grant College system has extended its constructive educational influence far beyond the campus by becoming the backbone of the agricultural extension service, and the focal point for the bulk of our progress in agricultural research through the co-operative experimental stations.

It is these Land Grant Colleges that provide the trained agricultural technicians contributing to agriculture's continued progress through the United

States Department of Agriculture, through State Departments of Agriculture, or through private business and industry dealing with agriculture. They have been the source of leadership for expanding our vocational agricultural education throughout secondary schools of the nation, as well as of better-trained men and women in actual farming operations.

They have provided similar agricultural leadership for the entire world, sending their own technicians and educators into distant lands and training others coming from those lands.

The tremendous productivity of American agriculture today is ample evidence of how well our agricultural education systems have done their job at home.

But it takes more than the knowledge of how to do a good job of production to assure prosperity for farmers.

Even the most efficient producer needs an adequate opportunity to receive fair returns for his products -- the opportunity to earn a fair return upon his investment in money, "know how," and toil.

We are progressing in that direction, too.

We have so much to be thankful for.

When we look at our abundant production, our improved rural standards of living, our present farm income compared to prewar years, it is difficult to realize that only two decades ago American agriculture was virtually bankrupt.

We have come a long way from the dark days of 3-cent hogs, 5-cent cotton, 8-cent tobacco, 15-cent corn, and two-bit wheat. And along the way we have learned an important lesson of economic history.

That lesson is this: If we want to maintain good jobs and good business, we've got to see to it that farmers have a fair amount of buying power.

Our economy needs a level of farm production and farm buying power that will further the prosperity of the whole Nation.

Here is why that is true: It is true because agriculture supplies the basic raw materials for about one-third of all our manufactured products. It is true because nearly 50 cents out of every dollar Americans spend for consumer goods and services is spent for products that originate on the land. It is true because about two out of five working persons in the United States are employed this year in farming, or in handling farm products, or in producing and selling goods and services to farm people.

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But agriculture, today as in the past, is one of the most vulnerable links in our economic chain. It can influence the rest of our economy either upward or downward. And, unfortunately, it is where economic trouble often starts.

The farmer's production depends largely on factors that he can't control -- the weather, for example. Moreover, the price of farm products is not set by the farmer, but by the market. Yet his production, his prices, and his income affect the whole economy for good or bad. That's why agriculture is likely to be the starting point of fluctuations which make the whole economy unstable.

That happened after World War I. Farm prices just collapsed. In ten months of 1920 and 1921, farm prices were cut in half. The farm depression was on -- and it wasn't long until the rest of the Nation was dragged down into depression along with the farmer.

Farmers got the worst of it. They couldn't control prices as industry could. From 1929 to 1932, the price of wheat fell 63 percent; corn fell 60 percent, and cotton fell 61 percent. But farmers paid only 4 percent less for motor vehicles, and farm machinery costs only went down 8 percent.

Many farmers still can't protect themselves adequately when economic reverses set in.

That's why we need farm programs, and that's why we have farm programs -- positive, constructive programs for American agriculture that have proven their worth and are here to stay.

They include programs of soil conservation, rural electrification, rural telephones, credit permitting farm tenants to become owners, credit to encourage family farming, crop insurance, expansion of scientific research, protection for farm co-ops, and the farmer-committee system that is a real example of democracy at work.

Our Nation has also benefitted by the stabilizing influence of farm price

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and income protection. We made sure that farm prices would not collapse again as they did after the first war and during the 'thirties.

That effort has proven its worth. The transition from war to peace, this time, has been eased for agriculture--and for the Nation.

We can't remain static, when we are living in a dynamic era of a changing world. We must keep alert to changing conditions, and alert to the need for adequately and realistically meeting those changing conditions.

The agricultural situation has changed greatly in the past ten years.

Since the 'thirties, productive usefulness of millions of acres of land has been restored or improved upon through sound conservation and land use practices. In the 'thirties, only one farm in ten had electricity. Now 85 percent are electrified. There are now  $3\frac{1}{2}$  million tractors on farms. Agricultural research has made great progress in developing new insecticides and new methods of pest control, hybrid seed and improved plant varieties.

The result of all this, coupled with good prices and patriotic endeavor, has been a 40 percent increase in farm output compared with prewar -- even though the number of persons working on farms has declined.

That is American efficiency. We welcome it, and must not penalize it.

Our abundance must be a blessing, not a burden.

Because of this greater production, you and I have better diets today. In the past five years we have consumed per person one-sixth more food than we did a decade ago. We have eaten more meat, dairy and poultry products, fruits and vegetables.

We have the capacity today to produce enough to provide good diets for all the people of the United States.

Wisely used, think what that means. It means a healthier generation of American people, with greater resistance to disease; it means more alert minds, more efficient work, and happier men, women, and children.

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But farmers cannot be expected to go on supplying the American people with the kind of diet they need unless our agriculture is kept financially healthy -- and unless the farm programs we have are conducive to greater production and greater consumption of meat, milk, and such products; more of the foods that people want and need. And we cannot encourage a greater shift into production of these foods the people want if we refuse them the same kind of price protection offered other commodities. We are working now to keep our programs in step with these changing conditions of our time.

We have undertaken the task of strengthening the price support program still further.

We know that our national farm programs should deal with the needs of all farmers.

We know the importance of dealing adequately with the whole question of farm income rather than just farm prices, if we are going to maintain high farm purchasing power so necessary to prosperity in the rest of our expanding economy in this growing Nation.

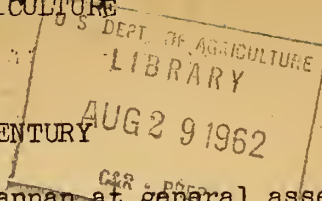
We know, too, that for the sake of stability and balance in agriculture, conservation of our soil resources, and better diets for the American people, we must encourage production of foods that are most wanted -- and encourage their increased consumption by keeping market prices within easy reach of consumers.

It is upon these realistic, common sense principles that we must build the soundest and most progressive farm programs possible -- including a farm price program that will best contribute to national prosperity.

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## AGRICULTURE LOOKS AHEAD AT MID-CENTURY

June 15, 1950

Talk by Secretary of Agriculture Charles F. Brannan at general assembly of National 4-H Club Camp, Jefferson Memorial Auditorium, U.S. Department of Agriculture, June 15, 1950, 8:30-9:30 a.m.

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It must be a thrilling experience for you to be attending the National 4-H Club Camp. I know it's a heartening experience for me to be with you.

Such an impressive gathering of America's rural youth inspires greater confidence in the future of agriculture for our Nation and for the world. It reminds our country that great rural youth organizations exist through which farm boys and girls are learning to do well what will pay them well tomorrow, and what will serve the Nation well in many tomorrows to come.

For this national conclave does not put just a money value on knowledge. On the contrary, the emphasis falls on what the well-trained farm boy or girl may contribute to the future well-being of the community and Nation, rather than on just what he or she may get from that community or Nation.

As this successful National Camp indicates, education for better farming, better homemaking, and better living holds an appeal for rural youth, and at the same time promotes youth's interests. Otherwise, it would be impossible to explain the sure and rapid growth of rural youth organizations. Your own 4-H Clubs now have total membership of nearly 2,000,000, an increase of almost one-fifth in the last five years.

There is, of course, no compulsion to join any such organization. Hence, the fact that rural youth does join and usually stays the course is the best endorsement that such activities and organizations could have.

The benefit of these educational activities is not exclusively, and indeed not mainly, to you as individuals; instead, the benefit is to our society as a whole -- to agriculture, and to the Nation.

In emphasizing that fact, this Camp follows the pattern of other Camps of former years -- and we want it to be that way. We want to keep what we have gained, and go on from there.

But in another way this year's Camp strikes a new note. More than previously, it is world-wide in its implications.

We are fortunate and pleased that this Camp has attracted important representation from abroad. We have with us about 75 persons from foreign countries who are in the United States expressly to study rural living, 4-H Club work, and other extension teaching methods. They come from 14 or more different countries. Among other things, they want to know precisely how the 4-H Clubs draw on Federal and State research for knowledge useful in raising crops and livestock, in protecting soils, in managing farm finances, in adjusting crops to market needs, and in improving the farm home and the farm community.

They have read that we emphasize learning by doing. They want to know specifically how we apply that rule, in as many different ways as possible.

Also, here for the Camp are about 20 rural youth leaders from several countries. These youth leaders will participate in the Camp's activities, and will study our rural youth programs.

In the meantime, 42 United States farm boys and girls, most of them 4-H Club members, are on their way to various European countries. They will live and work for some months on foreign farms, under the sponsorship of the International Farm Youth Exchange program.

This international interchange of rural youth will have a two-fold value. First, it will promote observation and comparison of different methods of getting agricultural science into agricultural practice; and secondly, it will generate a wider understanding that in agriculture, as in other matters, no country lives entirely to itself. What each does in its agricultural policy affects all the others. This is especially true today, and the international interest in this 4-H National Camp emphasizes this great fact.

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We welcome this interest from abroad without necessarily meaning that the exact pattern of 4-H or any other organization should spread throughout the world.

Leaders of rural education in the United States, including 4-H leaders, recognize fully that each country should have its own program of agricultural education, developed from within in adaptation to its people, its folkways, its political and social institutions, and its particular rural problems.

One fact, however, is common to all the world. Agricultural practice everywhere lags behind agricultural science, on even the best farms, and in the most efficient farming areas, not to mention the backward farms and areas. This is true in the United States as well as elsewhere in the world.

Extension education is our chief means available for narrowing this spread. As yet, no country has enough of this means. The United States, to be sure, has mass-education in agriculture to an exceptional degree. It is showing the way for others. But it recommends only the general principle for use elsewhere -- not the details. Each country should work out its own plan for communicating scientific findings to farm people. But, of course, we hope our experience will have guidepost value.

Most of you belong to the older age group in 4-H. You are the 4-H graduating class, so to speak; the members who have passed their apprenticeship and approached adult responsibilities.

It is time you look beyond the activities of the bulk of the 4-H membership in the younger age group, as important as they have been to you, and still are to others following you.

It is time at this mid-century point for you to look ahead, and think seriously about your own responsibilities in agriculture's future.

It is time for you to think more about the interdependence of agricultural interests, problems, and policies throughout the world.

For today, rural youth cannot ignore national and international problems.

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Fortunately, your 4-H Club training has prepared you for new and broader responsibility. It has led you by easy and yet inevitable steps to a concept of farm citizenship as well as of farm efficiency. And you will find now that the obligations, the problems, and the responsibilities of good farm citizenship and adulthood all fit into the framework of the education you have received.

From the beginning, the 4-H Club movement, like the extension system of which it was an outgrowth, emphasized learning by doing. Primarily, this meant learning by individual doing. When a 4-H boy wanted to raise a calf, a fruit-tree, or a garden, the 4-H Club showed him as well as told him how. When a 4-H girl wanted to make a dress, adorn a room, handle a pressure cooker, or balance the family accounts, the club provided demonstrations of suitable ways and means.

The emphasis, in short, was on individual efficiency.

In the South it dealt with how to kill boll weevils; in the Northern States with how to raise better livestock; in the Great Plains with wheat growing under scanty rainfall. In home demonstrations it taught girls how to can fruits and vegetables, how to make or repair clothing, how to choose and cook foods, how to manage the home.

Matters of this kind, however, you have learned to take for granted, as the grade school pupil takes the instruction he receives in reading, writing, and arithmetic. It was essential, and yet it was not enough.

What came next prepared you for wider social responsibilities, some of them with international implications.

Gradually, it became apparent that agricultural extension, including 4-H Club work, would have to teach more than simply what the farm operator or farm homemaker could do alone.

Years ago, the scientist might offer the farmer a discovery about soils, animals, or plants, and say, "Take it or leave it -- the responsibility is yours, exclusively. If you prefer to lose rather than to make money, you have the choice."

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Eventually, in a widening range of farm activities, that ceased to be the case.

More and more we began to realize that the welfare of agriculture concerned all the rest of our economy -- that everybody had a stake in the land and its products.

More and more, the individual farmer needed conditions he could not bring about on his own.

He needed group action, as well as individual action; and he often needed his Government to help provide the means for such group action.

The farmer needed quarantines and quarantine enforcement to protect him from plant pests. He needed programs for entire land use regions. He needed programs for adjusting production to demand, programs for supporting prices. He needed rural health aids, rural schools, flood controls, market regulations, and many other broad social facilities.

That's the role of Government as related to the individual in our Democracy -- to provide the means for its citizens to accomplish together the objectives they could not accomplish alone.

That's the role of the Department of Agriculture as the central agency or "clearing house" of many State and local, public, cooperative, and private organizations that serve agriculture and all the people by means of research, education, credit, resource conservation, marketing service, income stabilization, disease and insect control, and policy formulation.

You sometimes hear quite a bit of talk about how much these Government services to agriculture cost. What some people overlook, however, is the other side of the story -- how tremendously agriculture and the Nation has been benefitted by such expenditures -- how the investment is being repaid manyfold.

Actually, the American taxpayer's dollar buys him more value than just about any other dollar he spends.

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Let me give you some concrete examples from the Department of Agriculture.

A sanitation system for controlling roundworms in swine cost the Bureau of Animal Industry \$25,000 to develop. It meant an annual saving to hog raisers of fully 25 million dollars. That's a return of at least a thousand to one -- every year. About a decade ago, the same Bureau announced the discovery that phenothiazine was effective in removing internal parasites from livestock. Used for cattle, horses, sheep, goats, swine, and poultry, its value has been over 10 million dollars annually. And it cost only \$10,000 in research -- another annual return of a thousand to one. Years of research to produce better eggs from better hens through selective breeding and family testing cost about \$120,000; yet that research has been worth at least four million annually to the poultry industry. Improved curing methods for ham developed by agricultural research cost only \$8,000 to develop, but save spoilage of hams during curing valued at over half million dollars annually.

We could go on and on down a long list of results from research. Other agricultural programs have also paid big dividends. You know what the REA has meant to rural America, what our conservation programs have meant to our land resources, what a tremendous saving to the Nation has been accomplished by the Forest Service in protecting our timber resources. You and your parents and all the rest of us have felt the stabilizing influence of our price support programs. Farm prices and income have not collapsed as they did after the first world war. They are down too much, but agriculture is still much more prosperous than in most of the past.

Still other programs operated through Government have made contributions to the well-being of agriculture and the Nation that can hardly be reckoned in terms of dollars and cents. I am thinking particularly of the educational work that has pointed the way for American farmers to achieve new heights of production efficiency.

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You young people in the great 4-H Club program are an outstanding example of the very point I am making -- the worth of your training, not only to you but to the Nation, is many times the amount of Government expenditure required for that program.

One of the most important values of your training is the development of more effective farm citizenship. In other words, the scope of agricultural education has gone beyond technology into economics and social planning.

Yet this broadened scope of agricultural education has not left actual farming behind. On the contrary, it is taking farming with it into a wider sphere.

We have come to see that true farm efficiency involves more than efficiency in production, more than efficiency in marketing. Necessarily, it embraces many other farm activities, from the preparation of the soil to the formulation and use of great national programs for protecting resources and keeping supply as nearly as possible in balance with demand.

The wide-awake 4-H Club boy or girl, in short, is giving increasingly more attention to those necessary ends that farmers can attain only in association with one another, or with their Government -- either spontaneously, as for example in the cooperative movement; or under Federal legislation, as in the crop adjustment and price support programs.

Experience has taught us the necessity of working together; of considering not only ourselves, but the other fellow -- and the other country. And we're going to have to learn to work together even better in the future, if we want a world of peace and prosperity.

Let's look into that future for a moment. What does it hold for agriculture -- for so many of you young people who plan making agriculture your life's vocation?

Agriculture's importance to our Nation's economy is by no means diminishing. It is still our basic industry.

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Agriculture supplies the basic raw materials for about one-third of all our manufactured products. Nearly 50 cents out of every dollar Americans spend for consumer goods and services is spent for products that originate on the land. Two out of five working persons in the United States are employed this year in farming, in handling farm products, or in producing and selling goods and services to farm people.

There are many encouraging signs on agriculture's horizon.

Scientific research is making progress in the field of new uses for agricultural products and by-products in industry.

Farmers face the encouraging prospect of more people eating more and better food. Our population is growing at the rate of about a million persons a year. That means a wider domestic market for farm products. And it means even more if we manage to hold our ten percent gain over prewar in food consumption per capita. That seems a reasonable objective, in view of the fact that per capita food consumption in 1946 was 19 percent higher than prewar. People have improved the quality of their diets, too, by eating more meat, milk, eggs, fruits, and vegetables.

Our American farmers are the best informed farmers in the world, largely because of the great educational and research system which the Nation has established in the Department of Agriculture and the land-grant colleges -- and of which the 4-H Club movement itself is a part.

Agricultural research is constantly expanding and improving upon the potential output of the Nation's farms. Science is still unlocking secrets of nature which may eventually make our present ideas of food production obsolete.

Improvements in processing and marketing are bringing foods with garden flavor to our tables, and enabling wider distribution of the good things of life.

Hundreds of growth-regulating hormones, insecticides, and other new chemical substances are waiting to be used, to help control the ravages of crop pests and plant disease.

More and more of the unpleasant chores of farm life are being done mechanically, and more of our small farms are being mechanized and electrified.

Use of electricity in agriculture alone represents a new frontier in farming which we have hardly crossed. Farm electrification research is making vast strides in development of new equipment using electric energy for productive farm enterprises.

All of our many advances in farm technology, along with the added incentives of good prices and the patriotic desire to meet adequately the increased war and postwar needs for food and fiber, have combined to achieve new heights in agricultural production for our Nation.

Farmers in this country are producing 40 percent more than prewar, even though the number of persons working on farms has declined. We are producing more efficiently, requiring less of our human resources all the time.

We now have the capacity to produce enough to provide good diets for all the people in the United States, and the capacity to expand that production still more to keep pace with growth in our population and increase in consumption.

That's the situation confronting agriculture at this mid-century point -- with a still-growing capacity to produce, and produce more efficiently, and with a still-growing potential market for that production in our increasing population and increasing consumption per capita.

We certainly don't want to call a halt to the progress in production that agriculture is achieving through education and research. We probably couldn't if we wanted to. We just can't let our agricultural "know how" go to waste.

Instead, our economic progress must keep pace with our technological progress.

All that really means is that we must learn to use our abundance as well as we have learned to produce it; we must make that abundance a blessing, instead of a burden.



We must use it to improve the diets of all the American people, to raise the living standards of everyone.

There can be no real food surpluses, as long as there are still people underfed, or existing on inadequate diets.

And all of the progress we have made in agricultural technology is of little real value unless it can contribute to the well-being of our people, and unless we can convert our ability to produce into greater opportunity for better rural living for farm people.

That is our challenge for the future -- and your challenge, the challenge to youth.

It is a challenge that involves not only our own country, but the entire world.

During this Camp, you are fortunate in having the opportunity to talk with young farm people from Europe and other continents. You will probably find that while you are thinking mainly about troublesome surpluses of some commodities, they are thinking instead about how to produce enough to feed their people. It should impress deeply upon you the fact that each country's farm program affects that of all the others, and this is particularly true of a country as important agriculturally as the United States.

Perhaps your talks with these farm people from other lands will impress upon you that it is short-sighted to consider our own farm programs solely from the standpoint of short-run advantage to the farmers of the United States. We are realizing more and more that we must consider it also from the standpoint of its impact upon the world.

With American help, most European countries are trying to make their farm production more efficient. In many areas of Europe it will be difficult to increase food production fast enough to keep up with population increases. Europe will continue to need imported food. Whether or not Europe will, in the long run,

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continue to get it from the United States will depend upon our willingness to take imports in exchange.

Here in the United States we would prefer an increasing European market for its own products, not only as a means of keeping United States agriculture in full employment, but as a means of raising living standards in foreign countries.

I think you will find, if you discuss this matter with our visitors, that they regard the answer as more our responsibility than theirs, for unless the United States buys increasingly from abroad, foreign countries cannot continue buying liberally in the United States.

I mention the problem of world trade here not to examine it in detail, but simply to illustrate the point that the modern scope of extension training and of 4-H work necessarily embraces world problems, as well as the problems which the individual farmer can handle for himself.

Success by the individual farm operator in solving his individual farm problems, the problems particularly of farm technology and farm efficiency, does not absolve him from the duty and the necessity to consider the related economic and world problems.

On the contrary, his success as an individual farm operator makes these broader questions not less but more imperative in their demand for study and action.

It is all tied together in the challenge facing you in the future -- the challenge to learn to use our ability to produce wisely, to keep economic progress in step with technological progress, to buttress individual efficiency with group efficiency, and to shape United States farm policy with an eye to the probable impact upon the world as well as with an eye to its bearing on farm incomes and farm interests here at home.

That's quite a lot to think about, but it won't be long before it is mainly your responsibility. It's a vast frontier awaiting for you to explore and conquer.

Youth's enthusiasm and drive to forge ahead will be needed to conquer that frontier of a better world, a sounder agriculture, and a better life for all.

We're sincerely striving -- and progressing -- toward those goals today. But it will be up to the youth of today to carry on the job in the tomorrows to come.

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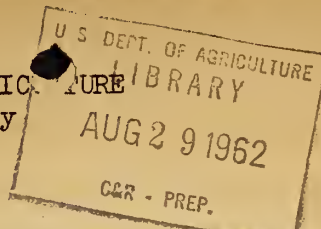
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July 13, 1950

UNITED STATES DEPARTMENT OF AGRICULTURE  
Office of the Secretary

THE HEART OF OUR NATION



Talk by Secretary of Agriculture Charles F. Brannan at Institute of Public Affairs, University of Virginia, Charlottesville; Virginia, July 13, 1950, 8:00 p.m., EST.

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I feel highly honored by your invitation to address this Institute of Public Affairs.

Even if I did not know the long list of illustrious names that have been featured on your past programs -- Franklin Delano Roosevelt, Hugo Black, William Douglas, Robert Jackson, Dean Acheson, and many others -- I would still consider my presence here a signal honor because of the distinct service of public enlightenment rendered by this Institute from its beginning in 1927.

You have chosen to devote this evening to a discussion of agricultural policy. There are several major facets of agricultural policy. The one most widely discussed today relates to price stabilization. Therefore, I am going to talk about the existing legislation and the Administration's farm proposals in this area.

I should like to make it clear, however, that I have come here not only to discuss a farm program but to seek suggestions and advice. So, let me begin by repeating what I have often said elsewhere: I welcome any opportunity to discuss farm policy objectively -- without personalities -- without bitterness. I am proud to be a citizen of a country in which I am free to disagree with anybody and anybody is free to disagree with me.

As a member of the Cabinet, I am obligated to propose improvements in the national farm price support program to rectify such defects as may appear from time to time. I believe that American farmers and American consumers -- and all of us as taxpayers -- deserve a price support program that will be the most effective, efficient, and the least expensive that can be devised.

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Our proposals were made to that end.

But I ask you to believe that I am ready and willing to accept any program, under any name, offered by any person, that will do for agriculture and the Nation the fundamental things which I honestly believe must be done for our national prosperity and our security.

For several years, but especially in the past two years, I have been privileged to travel into every section of the United States -- to see how people are getting along -- to learn what they're talking about -- and to study the needs of the Nation as it faces up to its world and domestic responsibilities.

With every mile and every conversation, there has been impressed upon me more and more clearly the vital need of this Nation for a stronger, a sounder, and a more secure agriculture.

Unfortunately, not all Americans are convinced of this need. Only a few months ago some were implying that little more needs to be done to make agriculture strong.

But within the past few weeks there has been a change. A Washington paper, just a few days ago, carried two sizeable articles comparing our agricultural productivity with that of Russia and suggesting the need for strength.

Why must we wait until danger threatens before we wake up -- before we wake up to the fact that agriculture is one of the foundation stones of this Nation's vigor?

At this very hour, an overwhelming majority of the countries which constitute the United Nations are looking to the United States as the final bulwark of freedom in the world.

I have every confidence that we shall justify the faith that free people everywhere have in our courage and our strength. But I would point out to you here tonight that our past vigor, our present strength, and our future security are deeply and largely rooted in American agriculture.

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A century and a quarter ago, one farm worker provided food and fiber for himself and three and a half other persons. Today, one person engaged in agriculture provides, on the average, for himself and thirteen and a half other persons.

How strong would this Nation be tonight if the increased productivity of our agriculture had not released millions of Americans from the necessity of tilling the soil and thus enabled them to build up the magnificent industry we possess today?

Let's continue this line of investigation a little farther. The nonfarm population of our Nation now contains about 20 million more persons than it did ten years ago. Meantime, our farm population has declined by nearly three millions -- from approximately  $30\frac{1}{2}$  millions in 1939 to  $27\frac{3}{4}$  millions at the beginning of 1949. But agricultural production has been running about 40 percent above the 1935-39 average -- with the use of about the same number of acres.

We need a strong economy to survive the world demands that are made upon us. But does anyone here think that we can have a strong economy without a strong agriculture? Our industry would be crippled without agricultural raw materials. Before the war, our farms supplied the basic raw materials for industries that produced one-third of all our manufactured products. More recently -- in 1947 -- nearly half of all the money the American people spent for commodities and services was spent for products that originate on farms. It is estimated that about two out of five working persons in the United States today are engaged either in agriculture itself, or in transporting and handling agricultural products, or in providing and selling goods and services to farm people.

Those three simple facts show the tremendous stake we all have in a sound and prosperous agriculture.

We need to be a strong people to survive the stern tests of world conditions. But again I ask: Does anybody here think we can be a strong people unless we have a strong agriculture? Our health and vigor depend closely upon the kind and



quantity of food we eat. In the 1930's, it was said that only one city family out of four had a good diet. I will not recite here the sad figures of the number of young men rejected for military service -- nor the figures on absenteeism in industry. But I would like to remind you that milk, meat, eggs, and other protective foods that increase efficiency and build up the strength of our people are the equivalent of millions of man-hours of labor. I distinctly recall the statement of the British Minister of Labor a few years ago that American food meant as much to British production as a million extra workers. If our food shipments meant that much to one of our allies, how much more does our agricultural abundance mean to us -- to our prosperity -- to our industrial capacity -- to our national security?

Obviously, then, we need to make sure that American farmers have income enough to play their full part in the Nation's economy. Whatever protects farm income also protects indirectly the income of industry and the wages of labor. All up and down the Main Streets of the Nation, there is hardly a place of business that does not prosper when the farmer prospers. Nor would it be easy to find a person working on Main Street who doesn't get hurt when farm income falls below the point of adequate return.

Last year, for example, farm families spent several billions of dollars on cars and trucks and their operation and upkeep. That spells jobs. That spells profits. They spent additional billions in constructing and repairing farm buildings. More billions went for farm machinery, for feed and supplies, for taxes and rent. All in all, it is estimated that farm cash receipts of more than  $27\frac{1}{2}$  billion dollars last year, when translated into farm spending, provided jobs for some nine million workers in industry. That adds up to a lot of production and sales for the Nation's business.

That's why I say that the well-being of every proprietor on Main Street, of every factory or whitecollar worker, of every professional person; yes, the well-being of everybody is intimately tied up with farmer welfare.

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Farmers must be able to market their production for a fair return. Otherwise, they cannot go on producing indefinitely. Consumers must be able to purchase farm products at reasonable prices. Otherwise, in much the same way that excess rain can cause a flood, our very abundance can cause economic trouble.

Productively, our agriculture is strong.

Economically, our agriculture is still vulnerable.

On June 15 of this year, farm prices averaged nearly twenty percent lower than they did in January 1948.

Net farm income last year was 22 percent below 1947 -- and a further decline this year currently indicates it will be reduced to about 30 percent below 1947.

These declines in farm prices and farm income have been Nation-wide. The farmers of every State have felt their effects. Here in Virginia cash income from farm products last year was 42 million dollars less than in 1948. And in the first six months of this year the downward trend has continued.

In 1948, Virginia farmers averaged \$23 for hogs. Last year, they got \$18.90 -- a decline of 18 percent.

In 1948 Virginia farmers averaged \$5.12 for milk. Last year the price was \$4.51 -- down 12 percent.

In 1948, Virginia farmers averaged 35 cents a pound for chickens. Last year, 26 cents -- a drop of about 25 percent.

Yet some people say there's nothing wrong, and that the sliding scale of price supports will take care of everything.

Others shrug off the obvious facts by saying that nothing is wrong -- farmers are getting parity.

Farmers are not getting parity. They are not now getting parity prices -- and they haven't been over the past 12 months.

They are certainly not getting parity of income.

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Last year total income per person on farms from all sources amounted to \$763-- compared with \$1,555 for nonfarm persons. And while people on farms make up nearly 20 percent of our national population, net income from agriculture last year was less than 8 percent of total national income.

Certainly, farm people do not have parity of opportunity to enjoy the fruits of national abundance. In 1948 -- when farm cash income was at its all-time high -- one farm family out of four had total cash income of less than a thousand dollars.

Can anyone rightfully contend that farm people have parity of opportunity when in many rural areas facilities for education, for health and medical care, for church membership, and recreation are far below the standards enjoyed by the rest of the Nation?

Such facts as these surely indicate that American agriculture -- despite its remarkable productivity -- needs to be strengthened and made more secure.

I know that many city people are puzzled -- and some of them are shocked -- when they learn that farm prices and farm income have fallen so severely in the past two and a half years. Some of them ask: How come? How come that farm purchasing power last year was running at a rate 10 percent below the 1942 level -- while the buying power of nonfarm people was estimated at one-third above the 1942-level?

How come agriculture needs special treatment in order to get along in our present prosperous era?

We have got to realize one basic fact -- farming is not like most other businesses. The industrialists who produce steel or who make cars have a real control over the price and volume of their production. The steel industry in the early 'thirties cut back production to 12 percent of capacity. Auto manufacturers reduced output of cars from  $5\frac{1}{2}$  million in 1929 to less than  $1\frac{1}{2}$  million in 1932. That took a lot of the pressure off steel and car prices -- but it also threw a great many people out of work.

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Farm output, on the other hand, averaged as much in 1931 and 1932 as it did in 1929 -- but farm prices hit bottom.

Before the war, it was estimated that industries which together produced one-third of all our industrial production were each controlled by four or less firms. It's not too hard to adjust output and control prices in such circumstances.

But the farmer competes for a market against  $5\frac{1}{2}$  million other farmers. Acting by himself, he has no control over total farm production. He can go out of business entirely without making a noticeable dent in farm output.

Even after his crop is planted, he can't tell what his production will actually be.

After the harvest, he knows the size of his crop, but not how much he will get for it -- unless he has the support of an effective national farm program -- a farm program that will provide a measure of price stability and freedom of choice that other industries are able to give themselves because they can control production and price.

From the price viewpoint, an unsupported agriculture is a weak link<sup>in</sup> our economic structure. The only way in which our agriculture can achieve the stability necessary for continued abundance and continued economic security is through an effective national farm program.

At this point, some of you are probably thinking: "Don't we have that kind of program right now? Haven't we been protecting agricultural prices for going on two decades? If we don't have that kind of program, why has the Government been making loans on corn, cotton, and other crops? Why has the Government been buying potatoes, butter, milk, and eggs?"

My answer is that we do have some very excellent farm programs not only in the field of price protection, but in conservation, electrification, credit, and other agricultural fields.

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Our price supports have prevented a postwar crash of farm prices, such as happened in 1920 and 1921. They are working satisfactorily as regards such so-called basic crops as cotton, tobacco, corn, and wheat.

I do not object to present methods of support on these storable crops. On the contrary, I would continue these methods. But I don't see how anybody can pretend to believe that we have at present an adequate system of supporting the prices of such perishables as meat, milk, eggs, and chickens.

That should be obvious from our present Commodity Credit Corporation holdings -- 155 million pounds of butter -- 57 million pounds of cheese -- 272 million pounds of dried milk -- 99 million pounds of dried eggs -- not to mention losses of half a billion dollars in supporting potatoes since the end of the war.

Of course, some people contend that perishables shouldn't be supported at all. They say: "The law of supply and demand should apply on perishable commodities. If chicken prices go too low, farmers can stop growing them".

Do you see the fallacy? The farmer who raises chickens is supposed to be just about like the manufacturer who produces cars. But whereas the manufacturer can stop producing cars when profits disappear, and take a vacation, the poultry raiser can't stop growing chickens without throwing himself out of a job -- which, by the way, precludes the likelihood of his taking a vacation anywhere.

But there is still another, and even more important, fallacy. It's the apparent notion that the perishables are relatively unimportant. It's the misconception that most farm income is derived from corn, wheat, tobacco, cotton, and the other so-called basic crops.

Actually, on a national basis these basics bring in only about one-fourth of all cash farm income.

Here in Virginia last year, cash receipts from your four most important basic crops -- corn, tobacco, peanuts, and wheat -- amounted to about 107 million dollars.

But cash income from milk, cattle, hogs, and poultry products totaled nearly 218 million dollars. These perishables, in fact, accounted for almost 55 percent

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of the total cash income from Virginia farm products in 1949.

It does not make sense to exclude these commodities from realistic supports.

At the time I made my recommendations, none of these perishables was assured of support. Since then, milk has been added to the list. But the method provided for supporting milk has proved highly unsatisfactory. Our sole authority for supporting the price of milk to the producer is by purchases in the market whenever the price falls below the announced support level. But since milk in fluid form is not storable, we must dry it for storage. It is removed from the normal channels of trade and put in expensive storage at taxpayers expense. Meantime, millions of consumers who would buy more milk if it were available at more attractive prices, are going without.

The Administration has proposed, as an additional method, that milk and the other important perishables should be supported by direct payments to producers.

Under this method, milk, cattle and calves, hogs, sheep and lambs, chickens and eggs would be allowed generally to find a demand-and-supply price. If this price was lower than a fair return, producers would receive a direct payment from the Government amounting to the difference between the support price and the average market price.

I hope you will mentally underline that word, average. It is important, because if any producer by reason of <sup>a</sup> better quality product or of better bargaining could command a price higher than the average, he would still get a payment based on the difference between the average selling price and the support level. Those who sold for less than the average would get no larger payment. In this way, initiative and better quality would result in greater income, just as under any other free market conditions.

At this point, the question arises: What would be the effect of this method of support on production; wouldn't it result in an ever-increasing output of perishable commodities, driving market prices very low and forcing the Government to pay out tremendous sums to producers?

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The answer is that farmers would need authority to apply certain controls on perishables when production is obviously outrunning genuine demand. Farmers have that authority now for the basic crops -- and have had it for more than a decade. For example, the producers of a given crop can vote marketing quotas into effect; but it takes a two-thirds majority of these producers voting in a free election to put quotas on. Under this procedure, marketing controls must be approved by the producers themselves; they cannot be arbitrarily imposed by Government. I think the distinction is important.

Some such system of controls should obviously be applicable to the perishables, just as they are to the basics. The goal we seek is a realistic, organized and sustained abundance -- not a super-abundance that could only result in wholesale waste.

I want to emphasize that the present price support program has many excellent features. I do not think it should be discarded, but expanded and improved. But the experience of the past years shows that it cannot prevent sharp -- and dangerous -- declines in farm prices and farm income. Experience proves also that it cannot prevent wasteful surpluses. And the present CCC holdings of perishables surely demonstrate that it does not give consumers as much for their price support tax money as they should get.

I believe that we must bring about improvements in the present price support program -- and we must do it soon.

I am convinced that the people of the United States want a program that will effectively help maintain the income of agriculture at a fair level. They want a program that will also give consumers the full advantage of abundance. They want food to move in the usual channels of trade.

There are those who stoutly advocate that the sliding scale idea of price supports -- that is, the lowering of the support level as the supply of a commodity increases -- will not only even out farm income but will also help adjust production.

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In my opinion, the sliding scale is economically undependable, and it is very close to being morally indefensible.

I say the sliding scale is not a dependable way to seek production adjustments. Look at our economic history for proof.

Take wheat. The price of wheat went down from 1920 to 1924. But it took three years to get an appreciable decrease in acreage. From 1925 to 1929, the price continued to fall. But what did acreage do? It went up. From 1929 to 1932, the price went on down. But acreage remained about the same.

I could cite other crops -- for instance, potatoes. From 1919 to 1922, potato prices dropped from \$1.94 to 66 cents a bushel; but acreage in 1922 was nearly one-fifth larger than in 1919. As for cotton, farmers have harvested as many or more acres after receiving less than 10 cents <sup>a</sup>/pound, as they did in years after they received 30 and 35 cents.

This is why I say the sliding scale method of production adjustment is economically undependable.

The second objection is even more fundamental. If and when the sliding scale should happen to work, its effectiveness would depend on starving farm families into adjustment. I think this is cruel -- materialistic -- un-American. I think it is an implicit denial of the worth and dignity of man. And I believe it came about because some people thought farming was like the steel industry or the auto industry.

They thought that farmers could lay themselves off. Maybe they had the quaint notion that agriculture can shut down and retool -- like industry.

They knew that most consumers can postpone their need for cars until next year's model appears, or until the price is better.

But there's nobody I know who can put off eating until milk comes equipped with fog lights, and bacon has chromium trimmings, and eggs are available with hydramatic transmission.

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People have been told that the legislation now in effect will protect agriculture against unreasonable price declines. But, commodities that bring in three-fifths of total farm receipts are not assured of support at all. For most commodities that do have mandatory support, the lower level eventually becomes 75 percent of parity. The lower level of price support for certain other commodities is 60 percent of parity.

Does this kind of program really protect agriculture against unreasonable price declines? Think back to 1932! Three-cent hogs! Four-cent beef! Eggs -- 14 cents a dozen! None of these commodities is assured of support under present law!

Even at such figures farm prices in 1932 averaged 59 percent of parity as it is now calculated.

In 1939, farm prices averaged 80 percent of parity -- and farmers were still finding it mighty tough to make ends meet.

I believe we need a different method of determining what is a fair price for supported commodities. Individual prices are not nearly as important as income -- as purchasing power. That is why, as the second part of our recommendations, we have proposed setting up an income objective for agriculture -- specifically, that amount of income which would provide agriculture with as much buying power as farmers have averaged in a recent ten-year period. From this income yardstick, we would compute the fair level of support for each commodity.

We have proposed that the ten most important commodities be assured of support. These commodities include cotton, corn, wheat and tobacco -- four storables. They also include cattle and calves, hogs, sheep and lambs, milk, chickens, and eggs -- six perishables. Taken together, the ten commodities bring in about three-fourths of total farm income.

We would support the storables by the same methods now in use. We would support the perishables by the direct payments which I explained a while ago.

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We would expect farmers, as a condition of price support, to observe good land use practices and to cooperate -- as they now do -- in necessary production adjustment programs.

Finally, we would limit supports for any one farmer to that amount of production which is available for sale from our largest family farms. We would do this because of the conviction that the family-sized farm is an integral part of our agricultural and total national economy and that farm programs must be geared to affording him reasonable stability and opportunity. I do not propose that price supports should be used to oppose large-scale, industrialized farming which concentrates farm land in fewer and fewer hands. But, I can find no justification for, or public policy served by, the payment of more than \$400,000 in price support money to one potato farmer. Every dollar of tax money spent in agricultural programs -- as in every other program -- must be defended and justified on the basis of the public interest. It must serve all the people directly or indirectly. Otherwise, it becomes some kind of class legislation or benefit, and it is not warranted.

These proposals, as you know, have been roundly attacked. They have been called radical, socialistic, un-American, and undemocratic.

The American people have been told that the cost of such a program is easily computed. They are told that England's agricultural subsidy is substantially the same as the Administration plan. Our population is roughly three times that of the British Isles; therefore, the Brannan plan would cost three times as much as the British subsidy.

Of all the patently unfair statements that have been made, I know none that is more unfair than this one. Nor more easily answered.

Our proposals are prompted by the fact that we are the world's greatest agricultural producing country, capable of producing more of some things than we can consume at home and export. The British produce only about 40 percent of the food they consume. and import the rest at relatively high world prices.

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The British problem is scarcity. Our problem is abundance. Our proposals constitute a farm price support program. The British subsidy is a consumer price reducing program. There is not the slightest basis for comparison.

The American people have also been told that the Administration proposal contains page after page of new penalties to be assessed against farmers under our recommendations. The truth is that the legislation recommended for putting our proposals into effect contains not one new penalty; actually it contains much lighter penalties than the existing legislation, most of which has been in effect since 1938.

Repeatedly, I have stressed the fact that our proposals neither require nor call for any other type of authority over the Nation's agriculture than has existed for more than a decade. It is frankly beyond my comprehension how these false charges can be recklessly made -- and recklessly repeated even after their malicious untruth has been made plain.

Well, I have indicated to the best of my ability the kind of price and income program we have proposed and the reasons for it. It is a program that strives for a reasonable farm income goal. It would encourage production and consumption of meat, milk, and poultry products. It would help to place our abundance of perishables in the hands of consumers. It would be the nucleus of an over-all effort to make American agriculture stronger, sounder, and more secure.

I say it would be the nucleus -- but I realize full well that it would not solve the income problems of farm families that are underemployed on marginal or too small farms, or that suffer from lack of equipment and credit.

I realize, also, that it is not in itself the answer to the farm community's need for more churches, schools, hospitals and medical care.

We must carry on -- at an accelerated pace if possible -- the great progress of the past two decades in conservation, electrification, credit and educational assistance. But fundamental to that continued progress is a reasonable level of

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farm income and purchasing power -- a level which will permit farm families to take advantage of other agricultural programs.

We need a strong agriculture for a prosperous economy.

We need an abundant agriculture for a vigorous people.

We need a secure agriculture for a powerful defense and a vital democracy.

All of us -- whether we are on the land -- in business -- the professions -- or in Government -- have a tremendous stake in the welfare of the family farms of America.

Together, let us examine honestly and sincerely, how we can strengthen those family farms -- for they are the very heart of our Nation.

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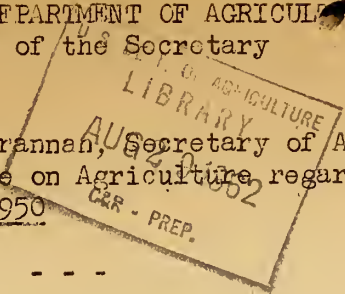
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July 20, 1950

UNITED STATES DEPARTMENT OF AGRICULTURE  
Office of the Secretary



Statement of Charles F. Brannan, Secretary of Agriculture  
before the House Committee on Agriculture regarding HR 8676,  
at 10:30 a.m., July 20, 1950

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I have been asked to state my views with respect to HR 8676, "a bill to assist the cooperative Agricultural Extension Service of the United States Department of Agriculture and the Land Grant Colleges in providing services to the people of the United States on an equitable basis."

The cooperative Agricultural Extension Service in the several states is a partnership between the Land Grant Colleges and the United States Department of Agriculture. This educational partnership has worked effectively since 1914 to provide the outstanding example in the world of bringing to farmers the results of research and other information which is needed in the conduct of their farming operations. The advanced state of agriculture in this country is due in no small measure to this service. An agency to perform a comparable function is one of the greatest needs of the under-developed agricultural nations in the world today.

There has been a growing dissatisfaction with the Extension Service-Farm Bureau relationships which exist in some States. This relationship is detrimental to the Extension Service and prevents it from rendering the maximum service of which it is capable. The problem was considered by a Joint Committee appointed by the Secretary of Agriculture and the Association of Land Grant Colleges and Universities. This Joint Committee recommended that all formal operating relations between the Extension Service and any general farm organizations be discontinued in order that the Extension Service could function most effectively and be recognized as a public agency available to and operating in the interests of all on an equal basis. HR 8676 has this separation as its objective. As Director M.L. Wilson stated in his testimony on a similar bill, HR 3222, the Department approved the major objective of that bill. He pointed out some problems which it created and

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which we believed were not essential to the accomplishment of its objective. Mr. Granger's revised bill HR 8676 eliminates the problems which we saw in HR 3222. The present bill would bring about a clear separation of the functions of the cooperative Extension Service and farm organizations. At the same time it would permit the necessary and desirable support which the Extension Service must have for its effective functioning. Director Wilson will be glad to testify in more detail on the provisions of the bill when he appears before you next week.

I believe that HR 8676 when enacted into law will strengthen the Extension Service and enable it to perform its educational function so as to be of greater service to the people of the United States. I want to commend your Committee for the objective manner in which you have undertaken the study of this difficult problem. In so doing you are rendering a distinct service to the people who are served by the Extension Service.

I hope that your Committee will report favorably on the bill HR 8676 and that it will be enacted into law at an early date.

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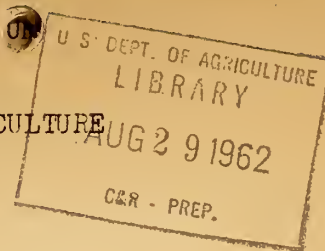
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July 20, 1950

UNITED STATES DEPARTMENT OF AGRICULTURE  
Office of the Secretary  
Washington, D. C.



(RELEASE ON DELIVERY)

STATEMENT OF CHARLES F. BRANNAN, SECRETARY OF AGRICULTURE, BEFORE THE HOUSE COMMITTEE ON AGRICULTURE ON H. R. 8850, AUTHORIZING THREE ADDITIONAL ASSISTANT SECRETARIES OF AGRICULTURE - July 20, 1950, 10:00 a.m.

Mr. Chairman, I appreciate the opportunity of appearing before your Committee in support of H. R. 8850, which authorizes for the Department of Agriculture two additional Assistant Secretaries, to be appointed by the President, by and with the consent of the Senate, and an Administrative Assistant Secretary, to be appointed under the classified civil service by the Secretary of Agriculture, with the approval of the President.

The Department of Agriculture was created as a separate agency in 1862 by an act of Congress. The agency was made an Executive Department in 1889, at which time provision was made for one Assistant Secretary. At that time practically the entire program of the Department was based upon the Organic Act of 1862 which required the Department to "acquire and diffuse among the people of the United States useful information on subjects connected with agriculture." Since then many laws have been passed by the Congress which have vested additional important responsibilities in the Department. Among the earlier of these statutes are the Meat Inspection Act of 1906, Smith-Lever Extension Act of 1914, Commodity Exchange legislation beginning in 1922, Packers and Stockyards Act of 1921, and the Perishable Agricultural Commodities Act in 1930.

With the inception of the recovery programs beginning in 1933, including such major legislation as the Agricultural Adjustment Act of that year, the Congress recognized the Department's increasing responsibilities by providing in 1934 for the office of Under Secretary of Agriculture.

Since 1934 responsibilities for many other major programs have been vested in the Department by new basic authorities enacted by the Congress or by transfer of functions under reorganization authorities. These have included the programs provided for in the Soil Conservation and Domestic Allotment Act, the Agricultural Adjustment Act of 1938, Federal Crop Insurance Act, the Sugar Act of 1948, and the Agricultural Adjustment Act of 1948. Other programs transferred to the Department include the Resettlement Administration (now Farmers Home Administration), the Rural Electrification Administration, Farm Credit Administration, and the Commodity Credit Corporation. Recently there have been added responsibilities with respect to farm housing and rural telephones.

In addition to these major responsibilities which have been assigned to the Department, there have been increasing responsibilities through international developments, the increasing importance of relations with other governmental activities and the growing realization of the inter-relationship between programs in the Department. From the standpoint of the varied types and extent of the programs of the Department, the need is apparent for a greater number of ranking policy officers who can assist the Secretary in handling his manifold responsibilities as Secretary of Agriculture.

The Hoover Commission recognized this need and recommended that each Department have:

"Such number of assistant secretaries (or equivalent officials) as may be necessary with functions assigned by the head of the department. These officials, being of policy rank, should be appointed by the President and confirmed by the Senate. In addition, there should generally be an administrative assistant secretary who might be appointed solely for administrative duties of a housekeeping and management nature and who would give continuity in top management."

The Commission, in its report on the Department of Agriculture, also stated:

"We recommend that the present positions of Under Secretary and Assistant Secretary be retained and that an additional Assistant Secretary and an Administrative Assistant Secretary be added. These officials should be appointed by the President, by and with the advice and consent of the Senate, with the possible exception of the Administrative Assistant Secretary. The duties of these officials in supervision of departmental activities should be assigned by the Secretary."

The scope and magnitude of the activities of the Department, in my opinion, amply justify establishment of the new positions. Many of the Department's functions which require action at the Department level are of such nature that they should be handled by a person having the title and prestige of Assistant Secretary. Among these are our growing responsibilities in the field of international relations, such



as in connection with the work of international organizations, international commodity agreements, and in maintaining working relationships with leaders of diplomatic missions in the field of agriculture.

We are constantly called on to confer with agricultural leaders and business leaders who have problems dealing with agriculture. These persons feel that they should have the opportunity of conferring with a person having the title and prestige of at least an Assistant Secretary. This is especially true in connection with problems requiring action in times of national emergency. Additional ranking officials would also be valuable in connection with problems which involve more than one agency in the Department.

The proposed legislation provides that each of the Assistant Secretaries, including the Administrative Assistant Secretary, shall perform such functions as the Secretary may prescribe. This provision will permit the Secretary to assign to each of the Assistant Secretaries such functions as he may deem appropriate. This is already provided by law with respect to the Under Secretary. Under this provision the Secretary would be able to assign responsibilities in accordance with changing needs and compatible with the special capabilities of these officers. If the Secretary determined that a particular field of activity was in need of special or continuing attention, he could assign the responsibility to the appropriate Assistant Secretary. For example, one Assistant Secretary would probably be given over-sight of the handling and disposition of agricultural commodities, including those acquired in price support operations, which is a very important function in the Department.

Under the proposed legislation the Assistant Secretaries are also authorized in the order prescribed by the Secretary to act as Secretary

in the case of the death, resignation, sickness or absence of the Secretary and Under Secretary. Present legislation provides that the Under Secretary shall be first in line to serve as Acting Secretary.

I should like to call to your attention the fact that the Department of Agriculture is the only Department for which only one Assistant Secretary is authorized. The Departments of Interior and Labor each have authorization for four Assistant Secretaries, including the Administrative Assistant Secretary.

In the interest of good administration and efficient handling of the public business entrusted to the Department of Agriculture, I strongly recommend the enactment of the bill H.R. 8850.

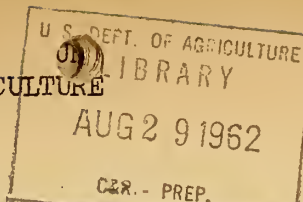




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July 24, 1950

UNITED STATES DEPARTMENT OF AGRICULTURE  
Office of the Secretary

(A statement by Secretary of Agriculture Charles F. Brannan before the House Committee on Agriculture, Monday, July 24, 1950, at 10 a.m.)

As indicated in a letter which I addressed to the Chairman of your Committee on June 29, I have been seriously concerned about mounting Commodity Credit Corporation inventories of dairy products and eggs and about continuing price support trouble with potatoes. Current high levels of supply and production are among the best guarantees against food price inflation, but the Corporation is nevertheless confronted with serious disposal problems for these perishable commodities.

Increasing uncertainties brought on by the Korean situation have changed the appraisal somewhat with regard to our reserves of storable crops. Our substantial holdings of wheat and corn and cotton -- always sound assets -- are now more clearly than ever an important factor in our national strength.

With regard to some of the heavy inventories of perishables, however, fundamental disposal problems have not been changed materially. In fact, the world situation makes it all the more important that these food supplies be used for human consumption to the fullest extent possible. The growing defense effort may open outlets for some of these stocks, especially those in more concentrated form. But on the basis of the best information currently available, and under our present authorizations, we will still have to dispose of millions of bushels of potatoes on the farms where they are produced, for livestock feed or fertilizer. We will still have extreme difficulty in finding outlets for surplus butter, and then only at appreciable financial loss. The problem of immediate concern to us today is the efficient disposal of these perishable holdings.

I am discussing these problems with you again today as part of my obligation to keep the Congress fully advised of important developments in the agricultural area. I am not submitting this current information as an argument in favor of the recommendations for handling price support programs which we submitted to the Congress in April of last year. You will recall that those proposals were designed to prevent the accumulation of excessive food stocks in the hands of the Government and to direct the movement and distribution of maximum quantities of food through the normal channels of trade. Today we are faced with the fact that heavy surplus stocks are on hand. The problem now is how to utilize them most efficiently.

In order to get a better perspective on the whole price support question, I think it advisable to summarize briefly the situation with regard to some of the more important storable commodities before going into more detail about acute disposal problems for the perishable groups.

This country has about 450 million bushels of wheat from last year's crop in our reserves as the 1950 crop comes to harvest. Present estimates are that about 950 million bushels of wheat will be produced this year, in spite of a good deal of adverse weather and insect damage. This gives us a total supply of around 1,400,000,000 bushels of wheat for the marketing year ahead. This is a strong position, with an abundant supply to meet domestic needs, exports, and carryover reserves next year.

Corn is our most important feed grain. Maintenance of high-level livestock production depends largely on this crop. There is therefore a good deal of satisfaction in knowing that the carry-over of old-crop corn this fall is expected to be well over 900 million bushels.

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Preliminary estimates for 1950 production have been placed at about 3,175,000,000 bushels. This would give us a total supply of more than four billion bushels for the 1950-51 year. It should make it possible for us to continue, or even expand, our very important production of livestock products.

Cotton stocks on August 1 are expected to total about 7 million bales, the largest carry-over stocks since 1946. Acreage this year is around 19 million. Assuming the average yields of recent years, the 1950 crop would be somewhere between 10 and 11 million bales. Total supply for the year ahead — carry-over plus this year's production — will probably be between 17 and 18 million bales. Assuming normal domestic consumption and generous exports, we will have a carry-over of between 3 and 5 million bales at the end of the next marketing year.

The substantial reserves of these major food and fiber crops are reassuring. They have been built up under the loan provisions of the price support program. As of July 17, Commodity Credit Corporation inventories of these crops — as part of the total reserve supplies — were as follows: wheat, 325 million bushels; corn, 315 million bushels; cotton, 3.3 million bales. These inventory totals do not, of course, include stocks of these three crops which are held by CCC as security against price support loans, but to which farmers still hold title.

In addition to the inventories of these three basic crops, CCC also holds substantial stocks of a number of other storable commodities. These include feed grains, rice, dried beans, linseed oil and several others. These holdings are also valuable assets, and, in general, they do not involve special disposal problems.

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We find our serious current problems in the perishable group to which I have already referred. Dairy products are of first concern. As you know, milk and butterfat have mandatory price support at a level ranging from 75 to 90 percent of parity. The law further requires that these commodities be supported by loans on or purchases of dairy products. In carrying out the law, cheese, butter and dry milk are being purchased at prices reflecting approximately 79 percent of the parity equivalent for manufacturing milk and approximately 86 percent of the parity for butterfat. The specific purchase prices for the commodities are:

Cheddar cheese, U. S. Grade A or higher	31 cents per pound
Butter, U. S. Grade A or higher	60 " " "
U. S. Grade B	58 " " "
Non-fat dry milk solids, U.S. Extra	
Spray type	12 $\frac{1}{2}$ " " "
Roller type	10 $\frac{1}{2}$ " " "
Evaporated milk	\$3.95 per case

Whenever the volume of supply depresses the market price below the support price level, the commodities are purchased and withdrawn from the market. At the present time, the Commodity Credit Corporation owns approximately 192 million pounds of butter and is currently accumulating more at the average rate of about 9 million pounds per week. There is also in inventory 322 million pounds of dried milk. Dried milk is now being accumulated by the Corporation at the rate of approximately 45 million pounds per month. The stocks of cheese on hand amount to approximately 80 million pounds, and they have recently been accumulated at the rate of 23 million pounds per month.

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In endeavoring to dispose of these dairy commodities, full utilization has been made of school lunch and institutional feeding outlets. Also, some butter and cheese have been sold back into normal channels of trade. Domestic sales must be handled with great care, of course, to avoid interfering with normal marketing of these products or adversely affecting the price structure.

The world market price for butter at the present time is approximately 32 cents. Therefore, a discount of more than 50 percent of the Government's investment would be required to accomplish foreign sales. Moreover, implications of "dumping" on the world market, as a violation of our foreign trade policy and commitments, must be considered carefully. Even if we ignored the question of dumping and attempted to sell our butter in the world market at a 50-percent reduction, it is not likely that we could move much butter. The limiting factor is the availability of American dollars with which to make purchases of this type of commodity.

Some limited sales of dry milk for foreign relief uses have been made. In addition, all of these dairy products are being offered free at the point of storage to welfare organizations for relief distribution domestically and in foreign countries, in accordance with legislative provisions.

We are also concerned about eggs. The Commodity Credit Corporation's current inventory is about 107 million pounds of dried eggs. Each pound of dried eggs represents approximately 3 dozen eggs in shell form. There are therefore now in the Corporation's possession about 321 million dozens of shell eggs in dried form. The Corporation is paying 96 cents per pound for these dried eggs, and they have been accumulating at the rate of about 15 million pounds per month.

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The price support program for eggs is not mandatory under present legislation. However, it seems to me that sound egg price support is in the interest of the general economy, as well as in the interest of the producers of poultry and eggs and the producers of feed grains. The need is to find a feasible mechanism for handling support and disposal operations.

Dried eggs have a limited use. A diligent effort has been made to sell them in the world market and to supply them for domestic consumption. Dried eggs have been made available to welfare organizations free of charge at the point of storage for domestic and foreign relief distribution. Here, again, the potential foreign outlets are very materially limited by the availability of American dollars.

I want to emphasize a point which I mentioned at the start of this statement. These holdings have been built up under price support operations, and they represent serious disposal problems for the Commodity Credit Corporation. At the same time, however, it is recognized that price supports have been largely responsible for the current high production levels for these crops. And these production and supply levels are a very positive factor in holding down food price inflation.

Potatoes are also being supported under a mandatory provision of the law. They are now supported at approximately \$1.01 per bushel. Not much difficulty was experienced with the early 1950 crop, but we have recently been purchasing potatoes at the rate of 150 to 200 thousand bushels per day from farmers in North Carolina and Virginia who are unable to dispose of their production in the normal channels of trade.

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The next foreseeable area of appreciable purchase will be in New Jersey, and then, of course, the Maine crop later in the marketing year. Purchase may also be expected in other States, such as Idaho, Oregon and Washington. There is a good deal of reason to believe that the price support operation for potatoes may cost the Commodity Credit Corporation as much as \$75,000,000 for the 1950 crop.

At the present time, no funds are being used to move these potatoes into non-human uses, and disposal charges have been reduced to a minimum. Very careful attention has been given to the provisions of Section 416 of the Agricultural Act of 1949, and the potatoes are being offered to all takers at the country shipping point. After supplying institutions, welfare organizations, school lunch and all other practicable diversion outlets, the remainder is then sold back to farmers for livestock feed or fertilizer at one cent per hundredweight.

I want to make it clear that every effort has been made to move these surplus holdings, using all of the programs and authorizations which are available to us.

In the first place, we try to hold down our price support purchases by encouraging the fullest possible distribution through normal channels of trade. One specific operation is known as the Plentiful Foods Program, under which we take steps to increase the consumption of surplus commodities. This program is carried out in full cooperation with the food industry. Merchandising support is put behind a number of foods which are selected by the Production and Marketing Administration each month on the basis of the abundance of supply. We also take steps to encourage exports in normal

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trade channels, through subsidies, and to divert commodities into other than normal uses. These activities are financed principally with our so-called Section 32 funds, with first priority going to diversion for human consumption.

In spite of these efforts to increase sales and diversion before direct price support becomes necessary, the Commodity Credit Corporation must take over substantial commodity stocks in carrying out price support obligations. Several authorities and programs are available to facilitate disposal of these inventory stocks. CCC holdings are sold whenever possible, if this can be done without interfering with price support objectives. To encourage sales through normal trade channels, we announce each month price lists of commodities which will be available for both domestic and export sale, with full information on price, quality and quantity of the commodities which are available.

The Commodity Credit Corporation is authorized to exchange agricultural commodities for strategic and critical materials produced abroad. The Corporation is also authorized to make commodities available to the Munitions Board and other federal agencies for use in making payments for commodities not produced in the United States. Under present conditions, there are major limitations on the opportunities to dispose of surplus commodities under these authorities, and very few transactions have been completed.

The most important single program for moving perishable commodities out of inventory is known as the Direct Distribution Program. In this operation, commodities are distributed through school lunch and similar outlets. In previous years, distribution through these channels was financed

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largely by Section 32 funds. Beginning in January 1950, the bulk of this type of distribution has been handled under Section 416 of the Agricultural Act of 1949. Section 416 authorizes the donation of surplus holdings, on a priority basis, to school lunch programs, the Bureau of Indian Affairs, public and private domestic welfare agencies, and private welfare agencies for the relief of needy persons abroad.

Donations under the authority of Section 416 are made available at storage points without charge. However, with one exception, the recipients must assume all transportation costs from these storage points. The exception, approved by Congress last spring, authorized CCC to pay transportation on 1949-crop potato donations.

The fact that CCC cannot pay transportation costs under Section 416 has had a limiting effect upon the total distribution of surplus commodities for welfare use.

A brief review of the quantities of dairy products and eggs which have been distributed since major price support operations were started for these commodities will indicate the extent to which we have been successful in moving our surplus holdings. It will at the same time throw light on the extremely difficult nature of the disposal problems.

Dried egg price support purchases were started in April 1947. Through July 17 of this year, CCC had bought 208 million pounds in carrying out price support obligations. During this entire period, 101 million pounds have been disposed of through the various sale and distribution channels, leaving 107 million pounds in the present inventory.

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First purchases of butter under the price support program were made in February 1949. Since then, through July 17 of this year, 228 million pounds have been bought by CCC. Total disposition of holdings during this same period has reached about 36 million pounds, leaving the present inventory of 192 million pounds.

Dried milk purchases for price support began in March 1949. Since then 609 million pounds have been bought by the Corporation. During this same period, up to July 17, 287 million pounds have been distributed, leaving 322 million pounds in the present inventory.

Cheese price support purchases were started in July 1949. From then until July 17 of this year, CCC bought a total of 94 million pounds. During the same period, 14 million pounds have been moved, leaving the current 80-million-pound inventory.

While these distribution totals are substantial, the fact that CCC inventories of the commodities involved have increased steadily shows definitely that the presently available outlets are not adequate. As I have mentioned before, our men have worked steadily and aggressively in an effort to develop and utilize every opportunity to move these surplus commodities out of inventory, within the limits of practicability and our authority.

The problem before us is how to distribute holdings of perishable commodities with greater speed and in larger volume, in order to avoid the deterioration and loss that would eventually be certain if we tried to hold stocks too long. None of these commodities has been allowed to spoil as yet, and there is no immediate threat of spoilage. The problem, however becomes increasingly serious.

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Because of the importance of this outlet, the record of what we have been able to distribute through domestic donation in recent months is important. Since last January, when Section 416 of the Agricultural Act of 1949 became effective for domestic donation, the following quantities have been ordered by and shipped to recipients under this authority: Approximately 9,500,000 pounds of butter, 5,000,000 pounds of cheese, 2,200,000 pounds of dried eggs, and 5,000,000 pounds of dried milk. This rate of distribution is far too low to provide the solution for our inventory problems.

Under the present authorities for distribution of surplus commodities, we have reached during the past year approximately eight million school children, one million inmates of institutions, and about one million welfare clients. It is obvious that we are not getting surplus foods to anywhere near all of the relief or public assistance people who could use it to advantage, or to half of our school children. There are opportunities for expanded distribution and use of surplus holdings in this general field of direct distribution. Our food distribution specialists estimate that the rate of distribution to schools, institutions and welfare groups could be stepped up by many millions of pounds of butter, cheese, dried milk and dried eggs if the Commodity Credit Corporation were granted the necessary authority.

There are a number of reasons why we are not reaching more of the people in these groups who are eligible to receive commodities under Section 416. As I have already pointed out, the fact that we cannot pay

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transportation costs is a definite limitation. Further, our surplus holdings are in bulk units which make it very difficult, if not impossible, for school lunch or welfare recipients to use them without repackaging. The CCC inventory of butter is in 60-to-64-pound cubes; the cheese is in 70-to-75-pound wheels; the dried eggs and dried milk are packaged principally in barrels of 175 to 200 pounds. This is the efficient and practical way to buy these commodities in carrying out price support, but it requires additional operations in preparation for welfare distribution.

State and local agencies in general do not have the funds and facilities, or are not willing to provide the funds and facilities needed to meet transportation, repackaging and distribution costs. They must have some way of getting the supplies with freight charges and other special handling costs taken care of, if there is to be a material increase in the use of surplus foods by these groups.

We have continued to give a good deal of study to the possibility of using some sort of "food stamp" or "food allotment" program to meet some of our price support problems. Programs of this type, however, are designed to move greater volumes through normal channels of trade. They would not serve to move commodities out of the government inventories directly. Programs of this type were developed for use in a period of heavy unemployment. Such a situation does not exist today. Further, as I pointed out a year ago last April when discussing general price support proposals, such a program might be administratively expensive and difficult.

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Last April, at the request of this Committee, I suggested legislation which would broaden the authority of the Department to donate surplus commodities, through the direct distribution type of programs, to needy persons both in this country and abroad. The suggested legislation would make it possible for the Corporation to pay transportation costs on the surplus commodities from their present points of storage to central receiving points within the states, and for foreign relief. Further, we would be able to repackage these commodities in suitable containers for distribution to the various welfare and related outlets in this country, as well as for foreign relief uses. If such legislation were enacted, I believe the great majority of the states would be able and willing to assume the responsibility for expanding distribution within the states -- to the school lunch programs, to institutions, and to welfare groups.

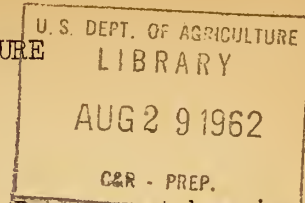
It is recognized that expanded donation of this kind will not serve to remove all of the existing surplus stocks; neither will it prevent the future accumulation of additional surplus holdings. Even though increasing the distribution for human consumption by these groups would be only a partial answer to our current problem, I nevertheless feel that it would be a very important step and one which should be taken now. I therefore urge your Committee to consider the enactment of authorizing legislation in line with the general recommendations I suggested to the Committee on April 27 of this year.

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UNITED STATES DEPARTMENT OF AGRICULTURE  
Office of the Secretary



Statement by Secretary of Agriculture Charles F. Brannan at hearings of The House Committee on Agriculture on the Missouri River Basin Agricultural Program, August 1, 1950, at 10:00 A.M. E.S.T.

The specific legislation which we are concerned with today is H. R. 8356. This brief measure would authorize the Department of Agriculture to carry out the Missouri River Basin Agricultural Program.

The Department recommended this program to Congress some months ago after receiving advice from the Bureau of the Budget that it was generally in accord with the program of the President.

Its publication, under this committee's auspices, as House Document No. 373 of the 81st Congress, first session, has given this document permanent form as an authoritative source book on the valuable farm and forest resources and the acute land and water problems of the Missouri Basin.

Before dealing directly with the program which H. R. 8356 would authorize, I should explain briefly the nature and scope of the testimony which the Department will have the privilege of laying before you. A few words about the preparation of the program also are necessary at this time.

It represents a new approach to the basic land and water problems of an



area which is equal in size to a sixth of the country. Here is located one-fourth of the Nation's farmland as well as one-fourth of its cropland. Only seven percent of the Nation's forests are in the Basin, but their importance far outweighs their size. One-third of the water available for irrigation has its source in the national forests on the headwaters alone.

Nearly a year's work was required to prepare the program.

It has been a teamwork job which has been carried out chiefly, almost exclusively, in the Missouri Basin where the existing problems of conservation, land and water management, and flood control can be seen at firsthand. Literally hundreds of people who live and work in the Basin shared in the work. For this reason the program wears the indelible stamp of having been produced in the Basin by the people of the Basin to meet the Basin's needs.

You can gauge the breadth of the experience upon which we have drawn by the occupations of the people whose practical thinking and technical attainments have assured us a program of genuine merit. High on the list, of course, are farmers themselves. Their contribution has come largely through the agricultural conservation associations and the soil conservation districts of the Basin. This cooperation has given us for the first time a comprehensive inventory of the region's farm conservation problems and the treatment best adapted to practical farm operations. Field men responsible for the care of national forests and other public lands were similarly called upon.

We likewise sought and obtained the advice and help of educators, engineers, foresters, credit men, conservationists, economists, and scientists in many technical fields. Their help was channeled mainly through such institutions as the Land-Grant Colleges, including the State Experiment Stations and the State Extension Services. We can rightfully say that this program has come to Congress from the people of the Missouri Basin.

Primary responsibility for putting the program together has rested with a selected group of the technical people from the Department's field agencies. Its final form is largely their work. They are fully conversant with its major technical aspects. So we have asked some of them to come here from Lincoln, Nebraska, to describe the program to you. Their testimony will be presented under the leadership of the field group's chairman, Mr. Gladwin Young. Not all of them are here to offer formal statements, but they will be on hand to answer the questions which fall in their respective fields.

The working group's testimony will be presented under four general headings.

It will begin with an analysis of the Basin in terms of its land and its climate, its farms, ranges, and forests, and, above all, its people.

The next part will be a review of the conversation, land and water management, and flood control problems which exist in the Basin. This summary will be coupled with an outline of the principal practices, installations, and activities which are necessary for successful treatment of those problems.

In its third section, the working group will illustrate the application of the program on farm, range, and forest areas selected from the Basin's vast terrain of more than 500,000 square miles. The examples you will see and hear have been developed to show just how the plan would work on farms, ranges, and forests.

The field staff will end its testimony with an analysis of the principal benefits which this program would bring to the Basin and the Nation.

These benefits will take many forms and shapes.

Let me offer a vital point as an example.

This program would first stabilize and then enhance the productivity of the farms, ranges, and forests of the Basin. Conservation farming, good land and water management, and effective action to reduce flood damages would give this increased

productivity an enduring foundation. We will furnish this committee with a realistic and reliable forecast of what the program would mean in food for the Nation.

As you study this estimate of the Basin's potential farm production, you will find it profitable to examine the pattern of production which would eventually prevail. It would emerge gradually during the thirty-year span which the program would require for its successful completion. The recommended land treatment, particularly the conversion of cropland to grassland, would help ease potential surplus problems. This would likewise prove true for flood control, drainage, and irrigation installations when they are employed to broaden and strengthen the base for livestock farming in the West. This is one of the recommended objectives of the research efforts we have proposed as part of the overall program.

We should always be mindful of the future, and upon due occasion take a long-run look into the years which lie ahead. This is especially true when a grave international situation, like the one we are meeting in these very weeks in the Far East, could increase the demand for food, fiber, and timber and maintain it at a high level for an indeterminate period. Wasted and lost resources are a luxury we can never afford.

The United States is a young nation and a growing nation.

No ceiling upon our growth is at present foreseen or foreseeable.

We are going to need all the productive resources we now have, and we are going to be faced with the growing necessity of improving and developing those resources to even higher levels of productivity.



In simple terms, we are going to need far more food, clothing, and shelter than we are now producing to provide for our growing population which could well range up to 190 million by 1975 or 1980 as compared with our current population of about 151 million.

So the Department proposes to end its testimony with a statement by Mr. O. V. Wells of the Bureau of Agricultural Economics. He will present an analysis of what America will need from agriculture, including forest products, 25 or 30 years hence. This statement will demonstrate that the increased productivity to be expected in the Missouri Basin is the basic benefit which this program would provide. It would be one guarantee that this Nation would have many more years of vigorous growth.

The remainder of my statement will be concerned, in the main, with the background of the program, the targets we must reach, the principles on which we should pursue those goals, and the essential reasons for undertaking this work at this time.

To find the origin of the program we must first go back to the tremendous obstacles which handicapped the first homesteaders who settled in the Basin. Their farming heritage was poorly suited to the dry lands of the Great Plains. The settlers came from the East, and, in some cases, directly from the farms of Northern Europe. Their whole farming experience -- methods, equipment, plants, everything they used -- had been conditioned by generations of farming in climates where water is rarely in short supply and wet weather often interferes with successful results. In parts of the Basin they discovered conditions in general to be almost diametrically opposite. Even in a series of good rainfall years, such as the region has experienced in the last decade, the conservation of water usually has top priority.

The strange climate of a new land was a heroic challenge, and the changes which the homesteaders set in motion as long as 75 years ago are still a strongly flowing tide. Agricultural research, for instance, has travelled many new avenues to help find the answers the settlers lacked. The successful development of new and improved varieties of wheat and other adapted grains is a familiar story worth mention here because our scientists would be the first to say that there is room for even more improvement. There have been many other research targets centered around the basic problem of acclimating agriculture to a region where weather is an extraordinary risk for farmers.

The great drought of the nineteen-thirties threw the Basin's problems into the sharp relief of a national calamity. The drought years spurred on research -- not only in agricultural science, but also in other fundamental aspects of living and farming in the Great Plains. The Nation gained a new understanding of the region -- its potential bounty as well as its spectacular hazards -- from a report, "The Future of the Great Plains," which the President submitted to Congress in 1937.

The knowledge already distilled from many years of research is one of the cornerstones of our program recommendations. This research has been aimed variously at the climate, soils, and topography of the Basin, at the improvement of plants and animals which are the products of its farms, and at its timber, range, and streamflow problems. But our research is still far from finished. We are still engaged in the research task of finding a crop production system which would maintain soil fertility in the Great Plains. The harsh fact is that today we do not possess that system. We have found that soils continuously planted to wheat are losing the fertility they would retain in grass. We lack, in particular, a legume which would permit farmers to practice soil-enriching rotations. No one can say when we will at last perfect the system we need.

Nor can we predict when we will at last succeed in breeding the missing legume. The importance of research in arming farmers with the means of protecting soil fertility cannot be underrated, but it is only one of the many jobs which we must carry through to success. The program, in fact, recommends an even faster pace in research and even finer aim at the more stubborn problems of the region.

Nevertheless, we have discovered much of the essential know-how of farming and farm living and range and forest management -- not in the Basin alone, but for the entire country. Although many blank spots are still to be filled in, we are ready to go forward. We have demonstrated that our knowledge can be effectively applied, not only to restore and maintain the productivity of our farms, ranges, and forests, but also to reduce flood damages and arrest erosion.

As a result another long forward step was taken in the Flood Control Act of 1936. Under this authorization the Department is currently engaged in flood damage prevention work in eleven watersheds. Flood surveys are in varying stages of progress in nearly 60 others. The survey reports are submitted to Congress after they have been reviewed by the Governors of the States in which the watersheds are located as well as by other Federal agencies concerned with flood control. In view of the paramount interest which local people have in these programs, the procedure helps assure adequate and acceptable flood control legislation. The Department, for example, is currently completing its surveys for the watersheds drained by the Little and Bosque Rivers in Texas, and immediately thereafter the Government of that State will receive those reports, probably by the middle of this month in the case of the Little and by the middle of September, or even earlier, in the case of the Bosque. Ninety days are allowed for this review, and the final submission to Congress comes soon afterwards, depending, of course, upon the extent and character of the revisions which have been suggested by the review. Like the Department's other conservation activities, the flood



control programs begin on the land with such proven conservation practices as terracing, grassed waterways, tree-planting, and strip cropping. These programs likewise provide for the construction of minor works to hold back storm run-off and release the water safely into main stream channels. Water-retarding reservoirs, debris basins, and streambank protection are some of the measures customarily used. The Government shares the cost of these works with farmers or their local communities and contracts for the construction when it is beyond the capacity of individual farmers. On the national forests and other Federal lands, the Government, of course, bears all the cost. These programs are designed for watersheds with frequent and costly floods. These projects come before the Committee on Public Works for consideration because they have flood control as their single major target. These activities would be continued as duly authorized by Congress to cope with extreme conditions justifying single-purpose programs of this character. It should be noted, however, that the prevention of flood damages is one of the important goals of the program of broader caliber which we are here recommending for the protection, improvement, and permanent use of all the land and water resources of the Missouri Basin.

Over the past fifteen years we have helped farmers everywhere in the country carry out their own conservation plans. Our cooperation has been available on a uniform basis with the exception, of course, of the specialized flood control projects. We have found farmers generally ready to go forward. Often they have displayed a genuine desire to advance at a faster rate than the uniform national distribution of funds and facilities permits. This has been especially true in vulnerable regions, like the Missouri Basin, where an extra punch is required to overcome complex and acute land and water problems. The spirit of willing cooperation is attested by the 3033 agricultural conservation associations and the 2220 conservation districts which farmers across the Nation have organized and officered from their own ranks.

Our intensive experience in farm conservation has taught us that the Basin can become lastingly hospitable and permanently richer in wealth and the capacity to produce wealth. But these rewards cannot be won and held until we have placed conservation firmly on the bedrock of good farm and land management. This means that we must offer farmers, ranchers, and forest land owners the help they need in developing plans for their present and future operations. These plans must indicate a likely opportunity for fair returns from the continuing safe use of our land resources. The foundation of these plans is the inescapable fact that land and water can work together to bring the Basin and its people to the goal they are seeking. The Missouri River Basin Agricultural Program recognizes that land and water are inseparable.

This background is significant in understanding the reasons for recommending to Congress at this time the program which H. R. 8356 would authorize. We have long known that the Missouri Basin contains conservation, water, and land use problems of high intensity. The distress of the drought years signalled those needs to the rest of the Nation fifteen years ago. Recurring floods, often in small watersheds but nonetheless destructive to human life, soil, and other resources, have emphasized that the Basin often suffers the alternate disasters of too much and too little water. Our conservation know-how, accumulated in part from national conservation programs and in part from years of fruitful research, has equipped us to tackle the problems which exist in the Basin.

But there is another reason for undertaking the agricultural program at this time. The Federal Government has underway in the Basin a vast program of public works popularly known as the Pick-Sloan Plan which will require about a quarter of a century to bring to completion. The projects are going forward under the basic authorization of the Flood Control Act of 1944 at a cost

currently estimated at about  $5\frac{1}{2}$  billion dollars. The backbone of the program is a series of great dams across the main stem of the Missouri River and its larger tributaries to hold back water and regulate the flow to control floods, provide irrigation, improve navigation, and generate power. The original authorization provided for 105 dams and reservoirs which would impound more than 100 million acre-feet of water. Levees, irrigation canals, transmission lines, and similar works have their place in this program. By its intrinsic character, it is essentially an engineering program which has been designed not only to protect the large valleys from floods, but also to strengthen and broaden the base of the Basin's industry and agriculture.

It is certain that the public works program will have a profound effect upon agriculture. A few of the program's promised benefits will indicate the adjustments which are in store for agriculture. Enough water will be impounded to furnish irrigation to  $6\frac{1}{2}$  million acres. This would more than double the Basin's present irrigated acreage, and some 37,000 new irrigation farmers will look to the Department of Agriculture for information and help in converting from dryland farming to irrigation. The levees below Sioux City, by releasing farmers from the fear of frequent inundations, will offer an opportunity for the safe expansion and improvement of drainage on  $\frac{1}{2}$  million acres. Again the Department will become the center to which these farmers will turn for assistance. It likewise should be ready to help farmers obtain and use a fair share of the 10 to 12 billion kilowatt hours which new hydro power plants will produce. But long before these benefits come to pass, about 5,000 farm families living on the  $2\frac{1}{2}$  million acres which will be subject to flooding in reservoir sites will have to pull up stakes. Although other Government agencies purchase the land, the Department of Agriculture has the logical role of aiding these people to reestablish themselves in Agriculture.



We can be equally certain that the kind of agriculture which exists in the Basin twenty, thirty, and fifty years from now will have an equally profound effect on the success of the public works program. These dams and reservoirs will be rendered less and less useful by the cargo of silt carried in the very water they are engineered to control unless all the Basin's 340 million acres are protected by conservation treatment and improved land management. The agricultural program which would be authorized by H. R. 8356 would greatly extend the useful life of those works, and it is not inconceivable that it could assure them a permanent life in the service of the Nation.

So the challenge in the Basin is not whether we will apply our knowledge and know-how. We are attempting to do so, and we will continue to do so as long as the present authorizations by Congress are extended. The basic challenge is whether the work which must be done will be done in full and in time. We can't afford to risk the future of the Missouri Basin on half measures, or even less, when full measures are required.

We are in position to employ the full armament of modern techniques to fulfill our immediate responsibilities. If we do so, we will give the Missouri Basin a new pattern for a promising future.

First. We must protect the soil from needless erosion by wind and water.

Second. We must halt the continuing depletion of fertility and then begin to rebuild the Basin's productivity.

Third. We must strengthen the Basin to resist the severe damage and painful distress which another drought could inflict upon defenseless farms, ranches and communities.

Fourth. We must provide for the full use of mature timber and rebuild depleted forest growing stocks in areas which have been cut over once or more times.

Fifth. We must reduce floods, especially in farming areas above the flood control, irrigation, navigation, and power dams now being built in the Basin.

Sixth. We must shield these same engineering works from silt now being washed from poorly protected farm, range, and forest lands.

Seventh. We must aid farmers and ranchmen and their families in making full use of irrigation, drainage, and electrification — especially where the public works program is designed to bring those benefits to the Basin.

Eighth. We must encourage industries to expand in keeping with potential opportunities to provide a greater volume of products and services. The Basin contains several within the realm of farming and forestry in which the increasing needs of an increasing population justify expansion. The livestock industry is one of them, lumbering another, and recreation a third.

These represent the outstanding urgent tasks which should be undertaken at the earliest time. Essentially they are targets.

They should be distinguished, moreover, from the numerous and ramifying benefits which we can reap only by completing the allotted work in time. Both the Basin and the Nation will share richly in the benefits which swift and sure progress will assure. This will require a sizeable investment, and the committee will hear more about this aspect later. At this time we should note that the investment will come from private and public sources, from the Basin itself as well as the Nation. Farmers know what we mean when we say that we are proposing that the work on the farmland should be done on shares. Naturally we can rightly expect to share the benefits in proportion to the way in which we share the investment.

These are the broad outlines of the Missouri River Basin Agricultural Program — its shape, its scope, and its targets.

The basic principles by which the agricultural program would be guided are worthy of your attention. These principles are the key to the spirit and the purpose of the program; they likewise reveal the methods by which the recommendations would be applied.

The farmers are the custodians of basic resources upon which the destiny of this Nation ultimately depends. This is the first of the major principles upon which this program rests. Conservation and good land management are synonymous with good farming, and the primary responsibility for good farming rests with farmers themselves. The Government can never provide an adequate substitute for the farmer's own efforts, and its role is essentially one of guidance and assistance.

The public, however, has a paramount interest in conservation and good land management. It was the basis for setting aside the national forests, for purchasing forest lands under the Weeks Law of 1911, and for cooperation with the States in the protection of private forests from fire. The public's interest is readily discernible in what engineers and conservationists usually describe as off-site benefits. Clear-cut examples of these benefits are to be found in flood control, reduced flood damages, and reduced siltation in costly reservoirs. But benefits of equal or greater value accrue to the public from the food insurance with which conservation can protect the Nation by maintaining and building our fertility reserves. These benefits can be counted in various ways -- first, in a continuing abundance of food and fiber; second, in farm products of superior quality; and third, in the greater certainty of more reasonable prices for consumers.

Conservation is an inseparable part of the business of farming. This is the third of these key principles. It recognizes that conservation and good land management must be integrated with the regular business operations on the land.



This principle lays bare conservation's economic roots. Some conservation practices improve operating efficiency, and there is no economic barrier preventing farmers and other landowners from adopting and using them. Here the primary task is to bring them the best in technical advice.

However, broad adjustments in land management — say, a shift from crop production to livestock — brings to light a much different problem. Its solution has been hampered by considerable misunderstanding, even by staunch advocates of conservation. Here farmers are faced with the crucial necessity of accepting heavier debts and temporary reductions in income in the expectation that the new farming system will begin to pay for itself several years later. When we consider that this expectation can never be a dead certainty for many farmers, we can understand the prevalence of unwise land management in many parts of the country. The risk is too great for many farmers to undertake without help. Similar conditions surround the construction of terraces and farm ponds, the planting of trees, and other conservation installations that often require the outlay of substantial capital. Therefore, the Government's assistance should include economic help — by credit or through partial reimbursement — which would provide a fair measure of safety in carrying out the vital adjustments essential to conservation-type farming.

These governing principles have aided us in designing a program in which the Government would rely largely upon the cooperation of farmers and ranchers. They would have the choice of taking part as they see fit, as their own conditions require, and as the program itself merits cooperation. The program would foster cooperation by offering participants assistance in overcoming obstacles in the way of conservation and improved land and water management.

Technical guidance often may prove sufficient to encourage farmers to undertake desirable improvements. But the installation of competent farm plans, especially where they involve the investment of new capital and a reduction in farm income for years at a time, will necessitate financial aid in the form of credit designed to these conditions and partial reimbursement for the direct costs required to apply the program to individual farms. Only partial reimbursement is proposed. The greater share of the additional investment in the Basin's farm resources would come from the farmers who live there. The program's long-run value would make it worthwhile for them to outmatch the public reimbursement by as much as three or four to one.

This is a logical point at which to examine and compare the estimates of the Federal, State, and private costs involved in installing this program in the next thirty years. These estimates are to be found in a table on Page 22 of House Document No. 373. The cost figures, by the way, are based upon 1948 price levels.

You will note that the total investment contemplated from all sources is estimated at nearly  $8\frac{1}{2}$  billion dollars. Thus the average yearly expenditure for the improvement of our resources in the Basin would amount to about 280 million dollars for the thirty-years of the program, and farmers and landowners would bear far more than half the cost of this investment. Their share is expected to be roughly 60 percent of the total.

This division of the costs is significant. As you may recall, I have pointed out that this is a voluntary program. It would offer farmers an opportunity to improve and strengthen the Nation's resources. In order to participate,

however, they must be prepared to invest at least half again as much as the Federal Government in the improvement of the Basin's resources. In some activities, the ratio of private to public investment would run much higher than this over-all average. In order to maintain this ratio of private investment, the program must offer evidence of a realistic likelihood of yielding genuine and tangible benefits. This means that participating farmers will determine both the rate of expenditure and the rate of progress toward our thirty-year goal for the farm lands. On these the Department of Agriculture does not expect to advance any faster than farmers are ready to go. They will become our senior partners.

As you will note in the table of estimates, the contemplated Federal investment amounts to a little more than three billion dollars. This is an average of 100 million dollars a year for the next three decades. However, under our national conservation programs and related activities, we are currently investing about 30 million dollars a year in the Basin's resources. This amount is included in the estimate of Federal costs under the proposed program. This means that the new expenditure would be about 70 million dollars a year instead of 100 million dollars. In other words, we are asking for authority to go forward three times as fast with the imperative task of protecting and developing our resources in a region where they are underdeveloped and vulnerable to erosion and the loss of fertility. Participating farmers would have a similar obligation to go three times as fast with their own investment in the improvement of the Nation's resources.

By accelerating our work three times, we can expect to accomplish with reasonable certainty in thirty years far greater results than we can expect in the next hundred years at the present rate of progress. Moreover, we can reasonably expect to do the job at less cost than if we should continue to allow deterioration to eat away our resources during the next century.



In many parts of the Basin present programs have only succeeded in slowing the deterioration which is still much in evidence. It is plainly to be seen in reduced range productivity in some areas, in the loss of fertility in much of the cropland on the Great Plains, and in the excessive rates of erosion to be found in the eastern part of the Basin.

In its fundamental sense, the Missouri River Basin Agricultural Program is primarily a proposal to intensify, accelerate, and adapt activities which are, for the most part, underway at present. In fact, the basic authority for the recommended program now exists in the Nation's agricultural laws. However, the increased tempo necessary to reach the prescribed goals within the allotted thirty-year span requires the expansion, in turn, of certain of the existing legislative authorities. These are essentially of a minor nature.

One of the important changes would authorize greater concentration of conservation payments in critical areas than the annual appropriation acts now provide. The imperative speed-up in conservation would otherwise prove unattainable in the Missouri Basin to which this expansion in authority would be limited. It is worth recalling that these payments will be geared to the willingness of farmers to make an investment in conservation which would outweigh the payments by a ratio of three or four to one.

Extension education, credit facilities, and research and investigatory work likewise will require expanded authority. Here again the recommended acceleration will impose heavier demands which cannot be satisfied without allotting additional funds in the areas where there is a need for more extension education, loans to farmers individually and as members of irrigation and drainage districts, and general and cooperative operations in the field of research and investigations.

The investigation of the agricultural aspects of proposed irrigation programs and projects is, however, a new activity recommended in the program.

The results would be furnished to the Secretary of Interior to serve as a guide in evaluating the agricultural feasibility of proposed undertakings. No additional legislative authority of basic character is required, but the proposed investigations would require about five million dollars to finance the work which the Department would undertake in cooperation with the Land-Grant Colleges.

Before passing from the discussion of legislative authorities, I would like to clarify the extent and character of the budgetary authorizations which would be provided by H. R. 8356. The Department would be authorized to lay before Congress annual estimates for increased appropriations for all the activities and undertakings recommended in the Missouri River Basin Agricultural Program. These estimates would require, of course, the approval of the Bureau of the Budget.

With respect to the watercourse stabilization work, the program recommends that the authorization for an appropriation should be limited at this time to 100 million dollars. This authorization is badly needed to enable the Department to proceed with the initial work required to install small retarding reservoirs and similar works at the headwaters of the streams which have given the Missouri River its reputation for dangerous and damaging floods. These headwaters works have a vital dual service to perform. They will complement and protect the large downstream public works now under construction. At the same time, the flood menace in small watersheds would be abated when these measures are installed in proper relation to other conservation measures above and therefore outside the protective zone of the large dams and reservoirs.

Subsequent authorizations under this phase of the program would be subject to suitable findings that the benefits justify the investment. This requirement is consistent with the Government's practice that programs and projects in the

general category of public works must be supported by economic evaluations of their benefits. The report now before the committee contains on Page 25 such a finding with respect to the completion of the initial stage of the work for which I have recommended authorization of an appropriation of 100 million dollars.

At this time I would like to point out that the Department proposes to administer the program through existing agencies and those channels will be utilized to the full. Let me say frankly that no new agency is contemplated to carry out the Basin program. It will be advanced on a Department-wide front by mobilizing the best available technical coordinated work through appropriate committees.

The application of the program to the Basin will be undertaken on the basis of priority needs. By this I mean that we propose to adapt our work area by area mainly where the needs are greatest and where the cooperation of farmers and landowners will assure most rapid progress. The basic programs, of course, will continue to be applied uniformly everywhere in the Basin. The selection of priority areas will be discussed in some detail in the field committee testimony.

Insofar as possible, I have avoided the many-sided technical aspects of the program. They will be reviewed by the Department's field group. However, I should point out again that the recommendations propose complete and unified treatment of the land and water resources of the Basin. This recognizes the doctrine of interaction which has been demonstrated time and again in our agricultural research. There is a basic unity between forestry, flood control, erosion control, water conservation, and farm management. There is little point in building dams for flood control unless these structures are protected by work on the land. Land and water must work together, and this program is founded on that principle.



Nevertheless, I should single out what is considered to be the most far-reaching and necessary adjustment in farming proposed by this program. It is in the field of land management. Under this proposal, farmers would be assisted in converting 20 million acres from crop production to grasslands. About half should go under permanent grass cover. The other half can be safely placed in hay and pasture rotations which would maintain fertility as well as contribute to the abatement of floods and the reduction of sediment damages. This shift would give the livestock industry resources in forage for a healthy expansion. The full meaning of this change will be described and documented for you by other witnesses, and at this time I will merely point out that it would help farmers solve the difficult problems involved in diverting their production under acreage allotments. It would carry us a long stride up the road to our goal of an improved livestock economy in the United States.

The Basin and the Nation can expect innumerable other benefits and advantages to come from this program. It would be the Nation's first full-fledged, all-out, and all-around attack upon the interrelated problems of resource protection and improvement. We have recommended this program for the Missouri Basin because we are ready to move forward in this region and because the treatment of its severe resource problems cannot be long delayed without injury to the Nation. This program is a sign of the times. This committee can expect in the future to study similar basin-wide and region-wide unified conservation programs. These areas offer a convenient handle to grasp the problems of resource protection and development. The principles which I have outlined here are likely to be the common denominator of these programs. They can be expected to vary in intensity and scope in accordance with the needs of the area under examination. The main thing is to start on the land where the rain falls and the snow melts. This is the beginning

of erosion and floods. It is likewise the point at which we must check fertility losses and turn them around.

Work on the land has failed to keep up with the Nation's programs for the development of its water resources through the construction of public works. This deficiency was noted in the President's Message to Congress of May 22, 1950, when he pointed out that "the development and use of our natural resources must be carried on in ways that consider the interrelationship between different resources -- particularly, in this case, water, land, and forests." Subsequently the President announced the formation of an inter-agency committee to deal with these connected resources in the Arkansas-White and Red River Basins. The Department of Agriculture will participate in the preparation of comprehensive plans for these contiguous Basins covering all or parts of eight States of the South and Southwest. The Department has another working party studying the land, forest, and water resources of the Columbia Basin, and preliminary field work is being undertaken in the valley of the Colorado River of the Southwest. We undertook the surveys which led to the Missouri Basin program partly because of our own knowledge of the critical conditions in this area and partly because the Missouri Basin States Committee, headed by the Governors of the ten States forming the Basin, urged us to go forward with an agricultural program to protect and balance the Pick-Sloan Plan. This summary of our direct activities in basin development points to the national trend. It likewise indicates that we have discovered a means of accomplishing the Nation's goals through balanced and coordinated programs.

Conservation has become an article of the American faith. You are all well aware of the values of conservation as well as the necessity for pressing ahead as swiftly as we can. So there is little real need for me to present a

point-by-point digest of the benefits and advantages of a program such as we have advanced for the improvement of the Missouri Basin. In any event, I have already touched on many of them. But there is one advantage which I would like to stress in concluding this statement'.

Our farms and forests are the basic working units in conservation. Their proper development and management can contribute immeasurably to successful resource improvement.

Here is where we should start to ease the challenge of devastating floods.

Here is where we can build a defense against withering drought.

Here is where we must arrest erosion, not only safeguarding our limited resources in topsoil, but also protecting massive downstream public works against siltation -- the deadly enemy against which they have no other adequate defense.

Here is the starting-point in the task of regulating the flow of water so that downstream cities will no longer be confronted with the alternate disasters of too much and too little.

Here is where we must undertake the vital responsibility of replenishing the productivity of our land and rebuilding our forests so that the America of the future will have the resources to provide enough food, clothing, and shelter for its people.

Here is where we must begin to make better use of water in strengthening the Nation's basic industry -- its agriculture.

The farmer is in a position to carry forward our battle against floods, erosion, and drought -- the complex problems of too much and too little water. With proper assistance, he can undertake and complete the task of maintaining and enriching our productivity. These are his problems, too. Their satisfactory solution means in general a better farm, better yields, and an opportunity over



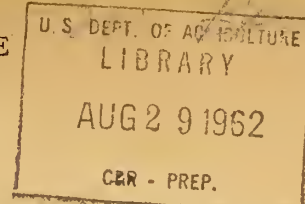
the years to earn a better income. For these reasons the farmer should be a full-fledged member of the team that is working to conserve and improve the Nation's resources. This is the key to sustained and successful conservation of our resources and their full employment for the Nation's benefit. The Missouri Basin program is designed to give farmers and other landowners the opportunity to take full part in the work, and for this reason, as well as the others which I have set forth, I urge this Committee to take affirmative action on H. R. 8356.

In closing this statement, I feel it necessary to refer to the international situation and to the fact, so obvious to us all, that we are engaged in a test of our strength as a Nation. For how long or for how short a time no man can say with certainty at this time. One measure of our strength, our enduring strength, is our land resources, and this struggle places us more than ever under an obligation and a duty to protect and conserve those resources so that they can be used to help us gain the victory that ultimate peace, with justice, requires. The authorization of this program would be a guarantee of the long-run strength we could draw upon in the Missouri Basin. However, I recognize that Federal expenditures must and will be channeled toward the goal of national security. Therefore, in carrying out this program, the Department of Agriculture would undertake the activities which would directly support and advance the Nation in its task of meeting its full responsibilities in the world.



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UNITED STATES DEPARTMENT OF AGRICULTURE  
Office of the Secretary  
Washington, D. C.



FARMERS IN A CHANGING WORLD

Talk by Secretary of Agriculture Charles F. Brannan at Sullivan County Fair Farmer's Day, Carlisle, Indiana, August 21, 1950, 7:30 p.m., CST.

(Release upon Delivery)

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Ten years ago the Department of Agriculture published a Yearbook titled: "Farmers in a Changing World."

Here is one of the sentences from that book: "The year 1940 marks the end of a decade that has seen more swift and far-reaching changes in agricultural viewpoints and policy than perhaps any other decade in the history of the United States."

Looking back now after another ten years, we might well feel that prior to 1940 we hadn't seen anything. For the changes of this past decade have been so much faster -- so much more far-reaching -- that there hardly seems any basis at all for comparison.

"Farmers in a changing world": That was an appropriate theme in 1940 -- but it is much more appropriate in 1950.

What kind of world is it?

First, it is a world of breath-taking swiftness. On Saturday, June 24, all seemed quiet in Korea. The next morning the 38th parallel was a blazing military front. Except for our intervention as a member of the United Nations, the Red armies would have conquered many weeks ago.

A second characteristic of today's world is its terrible power of destruction. Five years ago this month, one atom bomb was exploded 2,000 feet above Hiroshima -- and the casualties in dead, injured, and missing have been estimated at 130,000 persons.



One bomb -- and a primitive type of atom bomb at that!

Another characteristic of the modern world is its interdependence -- it is one world. Aggression or threats of aggression in Korea -- or in Germany -- or in the Balkans -- affect freedom and security everywhere. We learned a bitter lesson from Hitler -- but thank God, learn it we did! -- we learned that one act of aggression, unchecked, inevitably leads to another, until the whole free world either goes down in submission -- or stands up and fights.

That is why American young men and American guns and armor and planes and ships are standing valiantly against greedy and power-mad forces in Korea today.

This changing world, finally, is a world of conflict. As President Truman recently said: "The attack upon the Republic of Korea makes it plain beyond all doubt that the international communist movement is prepared to use armed invasion to conquer independent nations...The free world has made it clear, through the United Nations, that lawless aggression will be met with force."

Our national policy has been made very plain for all the nations to see.

We are determined to maintain and defend world peace. We shall do this by repelling aggression.

We shall do it by restoring peace through joint action with other members of the United Nations.

We shall do it by providing a shield behind which a free and lawful world society can live and prosper.

That is our national policy. To carry it out, this Nation has work to do on two broad fronts. On the military front we have the job of repelling actual aggression, as in Korea, and of preparing defenses against potential aggression, as in Western Europe and elsewhere.

But there is a second front upon which we must fight. As effectively as we know how, we must wage a war of ideas -- a war of good deeds based upon ideals -- a war of works founded on faith.

In this struggle of ideas, we have made a solid beginning. The Voice of America short waves the story of democracy all around the globe. The European Recovery Program backs up our words with deeds and dollars. The Point Four Program will bring to underdeveloped countries a type of economic cooperation that has been operating with excellent results between ourselves and Latin America for more than ten years.

The Food and Agriculture Organization is tackling the broad problem of world hunger. Other international agencies are hard at work on other fundamental tasks concerned with raising world standards of living.

In all these fields, the free people of the world are on the march. But we must march even faster. Everyday, hunger is breeding discontent. Everyday, people who suffer from malnutrition, lack of shelter, and insufficient clothing become easier targets for communism.

In this struggle for peace which now engages us, our agriculture is a vital element.

At the base of our strength -- supporting not only our armed forces but our industry as well -- is the land and its products. From the land come food and fiber, lumber and oil, the raw materials out of which men build and by which they live.

From our agriculture must also come many of the valuable techniques of food and fiber production which can be transferred to the farmers of other lands.

In such ways as these does a strong and prosperous agriculture contribute to peace and security.

But there are still other ways.

It is only because of the increasing productivity of our farms that so many millions of men and woman have been released from the necessity of tilling the soil and made available for industry. A little more than a century ago, one farm worker, on the average, provided food and fiber for less than five persons. Now a person engaged in agriculture provides, on the average, for 15 persons.

This process was accelerated during the decade just ended. While the nonfarm population of our country grew by about 20 million persons, the number of people on farms decreased by nearly three millions. Yet our farms have been producing about 40 percent more than the 1935-39 average -- and using about the same number of acres. In eight of the past ten years, in fact, farm output of crops and livestock has equalled or surpassed the greatest production of any previous year.

This agricultural strength is one of the fundamentals upon which the vitality of our whole economy rests. Without raw materials from the farms, much of our industry would be crippled; a large part of our labor force would be idle.

The same relationship holds between agriculture and the health and vigor of our people. Milk, meat, eggs, and other protective foods are translated into millions of additional man-hours of labor.

One of the most important battles of World War Two was the battle of food -- and a big segment of that battle was won on the farms of the United States. The farm people of the United States have every reason to take pride in their accomplishment. They did a terrific job. And you of this great producing State of Indiana contributed immeasurably to the victory.



We do not know at this time exactly how far the Nation will have to go in mobilizing its military might. But there is one thing upon which all farmers -- from Maine to California -- are ready to assure their fellow Americans. They are ready to assure the Nation that whatever the demands may be for food and fiber, they will come through with the required production.

Right now we are in very fine shape. Our food production resources are far and away the greatest in the world. American farmers have the know-how that it takes. And they have been plowing back into their business the gains of relative prosperity, making farming more highly efficient than ever before. Another year of very large farm output is in prospect. Even allowing for increases in military food requirements, we expect to have enough food so that civilians can continue consuming as much as in the past two years.

We have big reserves of wheat and other grains.

We have lots of cotton and other fibers out of which to supply agricultural raw materials to industry.

And, what is more, big as our production is now, we can boost it a good deal higher if we should have to. Research is steadily producing better plant varieties, new hybrid seeds, improved bug and weed killers, and more efficient uses of fertilizers. We have more farm machinery and electric power than ever before. It all adds up to a constantly widening productive capacity.

Many of our Department specialists believe that, great as the advances of the past have been, science has no more than made a good start in advancing the agriculture of the United States. The big harvest, in other words, is not behind but ahead of us.

Much of the progress already achieved, and much that will be achieved, owes a great deal to the valuable farm programs developed over the past two

decades. These programs did not come into being automatically. Farm people with determination and ideas made known the needs of agriculture in this changing world. They have led in developing the measures that are needed, and they have been public-spirited enough to handle the jobs of local administration. In many cases, they have developed in their ranks a leadership that has reached beyond local to State, national and international levels. It is significant that the new Under Secretary of Agriculture is a Hoosier farmer who has had long and successful experience in farm program development and administration. I am sure that Indiana is proud -- and I know it is a satisfaction to me -- to have Clarence J. McCormick as the new Under Secretary of Agriculture.

Herein Indiana, when the Rural Electrification Administration was established in 1935, less than 12 percent of your farms had central-station electric service. Now, more than 98 percent -- I want to repeat that -- over 98 percent of your farms are served. You know what that has meant in terms of increased production.

I am very happy to say that this nearly perfect record for the State of Indiana is a wonderful tribute to a man who has done a truly great job for agriculture and for REA -- our good friend Claude Wickard.

Under new authority recently given to REA, the improvement of telephone service is also underway. In 1945 less than three Indiana farms out of five had telephone service. One loan for providing new or improved telephone service to rural subscribers in Indiana has already been approved and six other applications have been received.

About half of Indiana's farms and farmland are in soil conservation districts, and 60 percent of your farms cooperated in the 1949 Agricultural Conservation Program. You know the importance of conservation to continued farm abundance.

You have benefited by research on forage and cereal crops and the diseases which attack them. Several new corn hybrids, with greater resistance to the corn borer, were released for 1950 plantings. The new bacterial wilt-resistant varieties of alfalfa -- Buffalo and Ranger -- are now widely used and even better varieties are under test. Also in wide use are new grain storage plans designed by agricultural engineers to provide better handling and storage at reduced cost.

Work is also going ahead here in Indiana to improve the milking qualities of your cows and at the same time develop a good quality meat animal which will produce a good steer.

You all know the benefits of our farm credit programs and of the price support and production adjustment programs.

All of this progress in electrification, conservation, credit, research, and price support has been reflected, and will continue to be reflected, in larger output per acre and per animal.

From the production angle, therefore, we're in fine shape.

Although I want to emphasize again that our future requirements are not yet fully known, we should be able -- given adequate labor, equipment and supplies -- to turn out all the food and fiber we'll need for the foreseeable future.

Meantime, farmers want the answers to a few questions. There is a lot of talk these days about allocations, price controls, rationing and various other regulations. All of us recognize that circumstances have and could again arise in which such devices are necessary to the protection of our economy. In fact, there are now indications that allocations may be needed for certain non-agricultural commodities most directly related to the military effort.



Agricultural supplies, on the other hand, are large, and the ability of farmers to maintain abundant supplies is such that we can all hope it will be possible to postpone the use of regulatory measures for a considerable period, and even avoid using them at all unless the emergency becomes much worse.

American farmers have the opportunity to help postpone or avoid such regulations by simply following their natural desires to produce efficiently and abundantly. I am sure they will do what is necessary to make food regulations unnecessary for as long a period as possible in their own interest and in the interest of all the people.

Right now the big task for farmers is to maintain production by keeping tooled up for abundance. You can make sure your machinery and buildings are in condition for productive use.

You can make a special point of getting rid of fire hazards and accident booby traps.

You can make a more intensive effort to control insects, rodents and diseases.

You can step up your endeavors to improve your land and your livestock. You can doublecheck whether you are getting the most out of your pastures.

You can see to it that you have storage and handling facilities for the crops now growing in your fields.

There's a lot that every farm family can do to meet the requirements of this changing world.

Farmers also want to know what to expect in the matter of prices, storage, materials and labor.

I want to assure you that the Department will do all that it can to keep farmers supplied with up-to-date information related to the farm production job and to keep our programs geared to actual conditions.

Wheat producers already have the guidance of wheat acreage allotments. Other acreage allotments will, of course, be announced as far in advance of planting seasons as possible, and, if production goals seem likely to be useful for commodities on which we do not have acreage allotments, goals will be announced.

Price support announcements will serve as further guides.

We intend to keep a close watch on the developing corn crop so that, in case of a soft corn problem, advance preparations can be organized for the most advantageous use of drying equipment.

We will also keep in close touch with the farm equipment and supplies situation. Never before has our agricultural production depended so heavily upon adequate amounts of gasoline, tires, repair parts, fertilizer and lime. We now have twice as many tractors on American farms as we had at the end of 1941 -  $3\frac{1}{2}$  million. American farmers use four times as much lime as in the 1935-39 period, and twice as much fertilizer.

With respect to conservation activities, present plans call for continuing the Agricultural Conservation Program and aid through the Soil Conservation Service in 1951 at the same level as in 1950.

I hope what I have said will answer some of the questions in your minds. We will have more information for you as time goes on.

In conclusion, I want to talk just a little while about one more question that I know you have in your minds as you consider the world situation and the responsibilities of agriculture.

We have seen that agriculture has great productive resources. Agriculture is strong. But we must be very certain that we can keep our production geared to actual requirements. . . .

We need the kind of agriculture in this changing world that is able to shift its production gears quickly and efficiently. To do that, farmers need reasonable and fair price support protection. And the whole Nation needs a program that will give the people the full benefit of abundant production. . . .

I want to say now, as I have often said before: The present price support program has many excellent features. It is better than the Agricultural Act of 1948. I do not advocate discarding the present program where it is working satisfactorily -- but I most certainly do urge that it be improved where it is weak, and expanded to cover effectively the important perishable commodities which bring in the greater part of total farm income.

So far, I have made no reference to the recommendations made by the Department of Agriculture for improving the price support program. I would be perfectly satisfied to have the present circumstances studied and assessed without reference to the recommendations that have been made in the past. But I do say that we must keep on trying to improve our farm program so that it meets our actual needs.

In saying this, I hope you will not misunderstand me. In my opinion, the recommendations made by the Department are even more pertinent than ever. I believe in them fully. All I am saying is that I do not wish to use the present situation or wave the flag as an argument for my past position. I simply suggest that we think constructively about our present needs and what we should do now.

As matters now stand, we are in need of a program which solidly protects farm prices in case of a sudden slackening of demand. We are in need of a



program that puts an abundance of milk, eggs, and other perishables in the hands of consumers at attractive prices. We are in need of a program that is able to bring about efficiently the production adjustments that may be required.

The program we now have is no more adequate for current conditions than it was for the conditions existing a few months ago. Its deficiencies may not stand out so clearly at the moment, perhaps, because the downward trend of farm prices has been reversed -- but it's still the same program with the same fundamental weaknesses. It fails to assure support on some of our most important commodities, and it offers farmers no incentive for making necessary shifts in production.

Moreover, we are still faced with the sliding scale of supports; the provision that as supplies go up, supports should go down. At the very time when farmers may need supports most -- that is, when supplies are biggest -- the support level will be lowest.

Maybe that makes sense to some people -- it doesn't make a bit of sense to me.

Nor does it make sense that we should depend on the sliding scale as a mechanism for adjusting farm production.

The way to get production adjustments quickly is not by starving farm families out of producing. It is by encouraging farm families to produce what is needed through programs which will give them reasonable assurance of fair prices and fair incomes.

It is only proper to point out that the present price legislation does not rely on the sliding scale to bring about desirable adjustments in really critical times. The law provides that when the national security or national welfare is formally found to require increases in production, the Secretary of Agriculture may set price supports at the levels he considers necessary, regardless of the other provisions of the law.

This, you will note, is very much like the wartime Steagall amendment -- the law which gave agriculture assurance of price supports at 90 percent of parity on many commodities until a period after the end of the war.

By and large, the Steagall amendment worked very well. It helped to call forth year after year of record-breaking farm production -- and production of the specific foods and fibers most needed for victory. So long as demand was equal to, and even greater than, supplies, no particular problems of waste developed.

But the Steagall amendment had a big weakness -- a weakness that exists also in the present legislation. It began to stand out, and to hurt, as soon as supplies outran demand at the support price level.

The weakness was this: We did not -- and we still do not -- have an effective method for supporting the prices of important perishables like milk; meat, and eggs, and at the same time letting the people have the full benefit of abundant production.

For want of such a method, we now have in the possession of the Commodity Credit Corporation more butter, cheese, eggs, and milk than we know what to do with.

That's why the Government, during and since the recent war, has been forced to pay out half a billion dollars to take potatoes off the market.

In critical times like these we cannot afford to let milk, meat, butter, cheese, eggs, and potatoes go to waste. For these foods, therefore, we need authority to apply support not only through purchases but also through direct payments to producers. This does not mean that we should discontinue purchases of perishables for which we have adequate outlets through the School Lunch and other desirable programs. It does mean that the purchase method should not be our only recourse in supporting such commodities as meat, milk, and eggs.

Under the direct payment method, cattle and calves, sheep and lambs, hogs, milk, chickens, and eggs would be allowed generally to find demand-and-supply prices. If the price should fall below a fair return, producers would then receive a direct payment from the Government -- a payment amounting to the difference between the support price and the average market price.

Take note, please, of that word average. It means that if any producer turns out a better product, or is a better bargainer, and is thereby able to command a higher than market price, he would still get a payment based on the difference between the average selling price and the support level. He would get the same payment as those who sold for less. Initiative and better quality would bring him greater income, just as under any other free market conditions.

We should continue the prevailing method of support for storable crops. Under this method, the Nation has built up valuable reserves of wheat, corn, and cotton.

But, in terms of farm income, the nonstorables are far more important than the storables.

Here in Indiana last year the value of your hog production exceeded the value of your corn. The value of your cattle and calves far surpassed the value of your wheat production. For the Nation as a whole, meat, milk, and eggs bring in over half of the total receipts from farm commodities.

These same foods pretty much determine the adequacy of our diets. Most times if the diet is deficient, it is not for lack of bread or potatoes, but for lack of meat, milk, eggs, fruits, and leafy green and yellow vegetables.

Why, then, should we continue to maintain perishables at artificially high prices -- while we accumulate wasteful surpluses -- and while we keep consumers from access to part of our supplies?



Why should we continue this wasteful process of trying to store excessive stocks of foods that are not easily storable? When we try to dispose of these foods in ways that will not affect market prices, the Government cannot even give them away, without paying freight and packaging costs as well.

Again I say, maybe that makes sense to some people -- but it doesn't make a bit of sense to me.

These are some of the thoughts that occur to me as, in accordance with my responsibilities as Secretary, I consider the role of farmers in a changing world.

I have complete confidence in the ability, and the will, of American farmers to do their job on the home front as brilliantly and as resolutely as American boys are doing their job in Korea.

Now, in this changing world we who believe in the principles of our Declaration of Independence -- in the God-given rights of life, liberty and the pursuit of happiness -- have perhaps as great an opportunity, and as great a responsibility, as was ever given to men.

This Nation stands before the world as the defender of human freedom.

It is not the first time we have worn that mantle. We shall continue to wear it, God willing, until freedom loving nations have no longer anything to fear from the greed of totalitarian aggressors.

To this end, let us all strive to make our agriculture as strong and secure as it needs to be. For whatever we do to render farmers better able to play their role in this changing world will help the entire Nation to final victory in its struggle for peace and security.

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ESSENTIALS OF PREPAREDNESS

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Talk by Secretary of Agriculture Charles F. Brannan at a farm meeting held in Michigan State College Auditorium, East Lansing, Michigan, Tuesday, August 22, 1950, 1:30 p.m., EST.

(FOR RELEASE UPON DELIVERY)

American mobilization is today the hope of the free world.

This is the task that is uppermost in our thoughts, and I want to talk to you about it frankly.

It is a task that calls for the united effort of agriculture, industry, labor, the professions — the best that is in each individual — to the end that we may ultimately reach that goal above all other goals of civilized life — a secure peace in which justice and freedom may flourish.

Our preparedness calls not only for a rededication but for straight, realistic thinking.

It is particularly necessary that we think straight about our principles of action. This is true because we do not know the boundaries of our task.

If we could blueprint the whole job, mobilization might be simpler. Like a builder we could assemble exactly the right amounts of the necessary materials, arrange for exactly the right numbers of workmen for each part of the work, estimate the cost quite closely, and set a date for finishing the job.

But our mobilization task is not like building a house. It is more like living an individual life. As individuals living our own lives, we make various plans. Sometimes they work out; but, often, events that we could not foresee cause us to change our plans. Sometimes decisions made by other persons, or such things as weather, have a great effect on us. Nobody that I know of ever successfully blueprinted his own life. Nevertheless, we do make our individual



plans and we have principles that guide our decisions and choices -- our own individual destinies.

In like fashion, let us concern ourselves today with known facts and guiding principles -- the real foundation of preparedness -- rather than indulge in a guessing game.

To be realistic about our task, we must keep firmly in our minds that we are up against an aggressive totalitarianism which fights with many weapons, only part of which are military.

We must mobilize our military might so that we and our freedom-loving neighbors in the world can more than meet any military threat. But we must also remember that the war can be waged while the guns are quiet.

As long as the aggressive totalitarian threat of communism exists, we must maintain our military might. And at the same time, we must see to it that the ideals of democracy are competing successfully with the fraudulent promises of communism in the struggle for the minds of men throughout the world.

We must tell the wonderful story of democracy. The principles of democracy are universal in their appeal. We must demonstrate the power of democracy to advance the human aspirations toward freedom and economic opportunity. We can do this through our Point Four program, our cooperation in the Food and Agriculture Organization of the United Nations, and similar efforts. We must also live democracy to the best of our ability here at home.

Much more could be said on this phase of the conflict, but that is not my subject. For the moment I am merely reminding you of an important aspect of the background for our immediate task. No matter what turn of events the military aspects of the struggle may take, peace will not be real, civilization will not be secure, our task will not be done, until communism is no longer an aggressive force. Our goal is peace.



Let us turn now to the part of our task for which you and I have particular responsibility, the agricultural part.

It is hardly necessary to say that agriculture has an important part to play in the struggle — in the military aspects with which we are immediately concerned and in all other aspects.

Preparedness is not merely steel and manpower.

Preparedness is also food and fiber.

Neither war nor peace can be won without food.

American food is both muscle and hope.

It is America's great good fortune to have a strong and healthy agriculture.

Our current supplies of farm products are heavy. Our productive power is the greatest in history.

Even those persons who sprinted to the nearest grocery store when the communists started invading South Korea would have recognized the silliness of hoarding if their heads had been working as well as their reflex muscles.

Let us take a look at our current supplies.

Our food production this year is about 38 percent higher than the average for the years just preceding the recent war and about the same as in our recent years of record and near-record production.

We have more than 400 million bushels of wheat from last year's crop, and we are producing about a billion bushels this year. That's a total supply of more than twice as much as we used in this country last year. We could consume and export the same amounts as last year and carry over 400 million bushels again at the end of this year.

Although we have a relatively small cotton crop this year, we have the largest carryover stocks since 1946 and an adequate total supply.

This fall we expect to have a big corn carryover-- about 950 million bushels to add to the new crop. The new crop is estimated at well over 3 billion bushels. This would make a total supply within two percent of the all-time record, which we have had this past year.

Other feed grains are in good supply also, and the total amount of livestock feed for the coming year will be nearly as large, in bushels and per animal, as the record supplies of the 1949-50 season. This means we have the feed to continue or even expand our large livestock production, enabling consumers to eat considerably more than they have recently been eating.

In this connection, let us remember that the Government has had to buy large amounts of dairy products and eggs to keep prices from going even farther below parity than the support level. The Government owns nearly 200 million pounds of butter, well over 350 million pounds of dried milk, 100 million pounds of cheese, and 107 million pounds of dried eggs representing more than 320 million dozens of shell eggs.

In considering our agricultural supplies, it is also well to remember that during the recent war, when we were sending tremendous amounts of concentrated food to our allies, we increased our own food consumption in this country so that we were eating about 15 percent more than before the war. It is well to remember, too, that we have exported record amounts since the end of the war and have meanwhile built up our own reserves to such a point that we were all concerned about the danger of general surpluses. In fact, the increase of supplies and a decrease in demand brought farm prices down an average of nearly one-fourth while prices of goods farmers buy came down very little.

These facts indicate that agriculture has been able to meet a greater demand than it has actually been called upon to meet in recent years.

Nor has the limit been reached.



Agriculture, as I have already said, is strong in productive power.

Farmers are geared up to the job of producing around 40 percent more than in the years immediately preceding the recent world war. Given a fair break by the weather, and with adequate materials for production, they can do even better.

In their relatively prosperous years, they have plowed back into their business a large share of their income in order to become more efficient and more productive in total.

They have more machinery and more efficient machinery than ever before. As a result, a man can accomplish more in an hour than at any time in the past. Among other things, this means he can do his field work when conditions are right. He can finish plowing when otherwise he would have been caught by a rainy spell. He can get the weeds out of the corn before they do much damage. He can handle the alfalfa before it loses feeding quality.

About 85 out of every 100 farms in the Nation now have the benefits of dependable electrical service -- compared with less than 11 farms in 100 back in 1935.

Since the war, farmers have improved their buildings and fences. Many have invested in higher quality livestock and in improved varieties of seed. Many have increased their use of fertilizer and learned how to apply it for better results.

With the aid of the soil conservation programs, many farmers have adopted practices and systems which maintain or improve the soil and tend to assure high yields.

Since the end of the war, important new insecticides and other chemicals used in farm production have come into general use, as have new crop varieties that are more resistant to disease or have other desirable qualities. One of the best known examples is Clinton oats.



Since the beginning of the second world war, our oil crop industry has grown from a pygmy to a giant.

The cow and the hen are producing at record rates.

There is a good deal of comfort in the facts I have been reviewing with you, but we are looking less for comfort than for guidance — for the principles of action that will help us in our task.

As we have seen, our current supply situation is good. This means, fortunately, that we can concentrate our attention on the road ahead. In its present stage, the conflict puts no strain on our agriculture. But we must look to the future.

From our review, we have also seen that our productive ability is high and is potentially even greater. It seems to be a fair assumption that we can meet any foreseeable requirements for food and fiber. However, we dare not assume that this will happen automatically. There are several important points to keep in mind.

First, let us all realize that our agricultural productive power depends more than ever upon machinery, fuel, rubber, chemicals, scientific and skilled personnel.

If we were to run short of tractors or fuel, we could not go back to horses. In the first place, we don't have the horses, and in the second place we would be able to produce less per man and less in total for human consumption if we did have horses. That is only one example of many that could be given to show how closely our farm production is geared to factory production.

Our task in agriculture is not merely to shut our eyes and shoot the works, but to keep in gear with military and civilian requirements and with factory production.

That brings me to the next main point. When we know the requirements for agricultural production, and have those requirements geared to our supplies of materials used in farm production, we still have the job of translating goals into action on about six million farms.

We must be able to shift our production promptly and efficiently. As we know from our experience, this is a complicated job. As we also know from experience, it is a job that can be done.

On the basis of experience, we should have no difficulty in developing the kind of a program we need to get the necessary shifts in production. Unfortunately, however, some people pay no attention to the lessons of the past. As a result, some of the arguments we hear these days are really prize phonies. Let me give you an example. I was recently looking at some Wall Street newspapers. I read that the steel industry had announced an expansion program to meet steel shortages and might do even more "if depreciation rules were liberalized." In other words, allow them to deduct more depreciation from their income and thus reduce their tax liability. The next thing I saw was an editorial claiming that the way to deal with high food prices is to cut off milk marketing agreements and orders and any other programs that tend to maintain farm returns.

How familiar that sounds! How typical! It's all so very simple. The way to get steel is to let the steel makers make more money, but the way to get food is to let the farmers' prices go to thunder.

This is nothing new. We have in our farm statutes a mistake known as the sliding scale. This is the force-out device that would siphon off price support as supplies go up, leaving no real protection if market prices happen to weaken. It would provide more support when supplies are small and supports are not needed.

Now, this is a clever way of keeping price supports down, but as a dependable means of adjusting production, it's a phony. It is not dependable in time of peace, and it is even less dependable for a period of mobilization because it places emphasis on scarcity instead of abundance. It seeks to curtail production through lower prices instead of encouraging increased production of commodities we need in greater abundance.

Congress has since taken a lot of the slide out of the sliding scale, but we ought to get rid of it entirely.

During the recent war we had a very successful program for making prompt adjustments in production. One of the most important parts of that program was price assurance for the future, encouraging farmers to shift from less-needed to more-needed items.

This principle applies to any adjustment period. The present national Administration has believed we should remember this principle and should apply it instead of throwing it overboard in favor of the sliding scale. In our recommendations to Congress in April of 1949 toward improvement of the price support program, we said this:

"Stable farm prices and incomes encourage high-level production with the greatest assurance of reasonable prices to consumers. This is one of the most significant lessons from our wartime experience. Without the cost-plus contracts



and guarantees enjoyed by many industries, and with only reasonable price protection, farmers quickly made great shifts in the use of their productive resources to meet war needs. They supplied civilians with a fourth to a third more milk and a fifth more meat than prewar while they were meeting the needs of the armed forces and also sending larger amounts of food to our allies." In this connection, we pointed out that price supports should be available at all times to aid the necessary shifts in production.

Fortunately, the present law does not rely upon the sliding scale to bring about production adjustments in critical times. When the national welfare or national security requires increases in farm production, and when this fact is formally established, the present law says that the Secretary of Agriculture may set price supports at the levels he deems necessary, notwithstanding other provisions of the act.

This is a valuable provision. It is comparable with the wartime Steagall amendment that gave postwar price assurances to encourage increases in the production of commodities needed for the war. However, again like the Steagall amendment and later legislation, this provision has a serious weakness.

It fails to provide any way of applying price support to perishable commodities except by Government purchases that take food away from consumers, put it in expensive storage, run the risk of waste, and leave a serious disposal problem.

This weakness is not imaginary. It is real. Even before the end of the recent war, the Government had to take potatoes off the market and divert them to nonfood uses at considerable cost. This is still going on, and the potato program has unnecessarily cost half a billion dollars.

During the war, the Government in one period had to buy shell eggs for price support. You may remember that even makeshift storage facilities were full and that officials had to appeal to consumers to help store them -- to put an extra dozen or two in their refrigerators.

To be sure of plenty, the Nation has to run the risk of getting too much, even in time of emergency. No matter how well you plan, you can't expect to make everything come out exactly even. The point is: Even during a war emergency, we potentially face the problem of how to provide for a free flow of perishables, with fair returns to producers and without excessive waste.

The problem can become critical when the military struggle ends or becomes quiescent. This is illustrated not only by the potato program but by the present Government stocks of butter, cheese, dried eggs, and dried milk. We had to buy these products because prices went far under fair levels. We have sold as much as we could without breaking prices or interfering with regular channels of trade. We have given away as much as we could for use in school lunches, feeding the people in our institutions, and in all sorts of domestic and foreign relief.

Congress has been considering a bill which would enable us to pay freight and packaging costs for relief agencies as an inducement for them to take more of these products for human food before they spoil.

Taxpayers have paid for all this food -- the potatoes, the butter, the cheese, the eggs, and the milk. They have paid for the food, its storage and shipping and handling, the salaries of the men who bought it. They have paid out more money to dispose of some of it. Furthermore, they have paid higher prices in the stores for their own food because they had paid to take this other food off the market.

The ironic thing is that a very simple change in the law would have prevented all this trouble and certainly a good deal of the expense. We have needed, and what we still need, is the production payment method to use in combination with other price support methods.

The program for storable products such as corn, wheat, cotton, and tobacco should go ahead just as it is now. We should rely on commodity loans and purchases to maintain prices and safe reserves of the products, just as at present.

For supported perishables, we would buy as at present to relieve minor market gluts and would use any or all of the present methods for removing surpluses and encouraging consumption. We would hope that such purchases could be absorbed by the school lunch program and other desirable outlets. Here in Michigan we have recently bought some cherries. I hope we have helped <sup>maintain</sup> prices for producers at reasonable cost and without harm to consumers. I don't propose cutting out this type of operation. I have said time and again that we need to keep this method for use where it is the most practical method.



However, except for such limited and desirable operations, we would stay out of the food markets. For larger operations, we need the production payment method. If prices went below support levels, consumers would get the benefit of more attractive prices and the benefit of the full supply; producers would get payments for the difference between average prices in the market and a fair return which is usually thought of as the support level. Those who produced a better quality product and got more than average prices would be just as far ahead as they are today when they get better than average prices.

We must strengthen our farm program so that we will be prepared to shift our production as circumstances require and to make it as effective for perishable commodities as it is for storables.

We cannot foresee the future. We do not know exactly what actions will be required. But we can, and we should, be clear about our principles of action.

Let me make it clear that I am talking about basic policy and not about ways and means of meeting every kind of situation.

During the recent world war, we had price control and adopted certain expedients to go with it. For example, we had rationing to hold down demand and provide for equitable distribution. We had some consumer subsidies in order to keep prices down and still get expanded production of certain items. In various industries, we offered special production incentives. The program I am discussing with you today is not suggested as the answer to special

problems of that nature. In that regard, I will only say that in any situation I can think of the proposed methods and principles would be more desirable than the present program.

Rather than speculate on conditions that might come into being, I should like to direct your attention to another kind of speculation -- and what we need to do about it. As you are well aware, the communist invasion of South Korea touched off a wave of speculation in the commodities markets.

The Administration has again asked the Congress to provide the means for restraining excessive speculation. The requested action is authority to regulate margins.

Again, the lobbyists have descended upon Washington, waving their arms, shaking their heads, and shouting, "No, no, a thousand times no."

Those who make their money by taking a percentage on each transaction make a great point of the fact that we mustn't interfere with hedging. I agree, but that isn't what the argument is all about. I am entirely aware that it takes some speculation to keep the commodities markets functioning. But excessive speculation doesn't help hedging; it does contribute to inflation.

In soybean futures, for example, there has been far more speculation than is necessary for hedging. Investigation showed that on a recent date 90 to 96 percent of the trading was speculative. Honest-to-goodness merchandisers and processors suffered heavy losses because excessive speculations set prices wild. Farmers did not gain. As frequently happens when speculation raises prices, most farmers had sold their crop.

On the other hand, speculators could and probably did make a killing. At the time of the Korean outbreak, a speculator could buy November soybean futures

by putting up a margin, or down payment, of only 20 cents a bushel -- less than 10 percent of the price. From June 24 to July 28, the futures price went up from \$2.10 to \$2.64, an advance of 54 cents a bushel. So the profit on the down payment of 20 cents a bushel was 270 percent.

A single soybean futures contract amounts to 5,000 bushels. To buy one, the speculator had to make a down payment of \$1,000, but if he held onto it, during the period I mentioned, June 24 to July 28, he had a profit of \$2,700. Or, as soon as he had enough paper profit on the books, he could buy an extra contract without putting up any more cash money. The commodity speculator, paying only 10 percent down and pyramiding his profits, could have bought a very large quantity of soybeans for future delivery. It doesn't take much of that sort of thing to make a big effect on prices.

Furthermore, a big speculator can control large amounts of a commodity. For example, the man who buys a hundred futures contracts can take delivery on 11 million pounds of sugar -- or if it's wheat or soybeans, 500,000 bushels, or 3-1/4 million pounds of coffee.

Let me give you a few recent examples of the margins required to buy a futures contract for various commodities. In sugar, a contract of 112,000 pounds is worth something like \$6,000, and at the time of the Korean outbreak it could be purchased with a down payment or margin of only about 6 percent, or \$400. Late in July, after the public became concerned about speculation in sugar, the margin requirement was increased to \$800, but that was only about 12 percent of the price. In wheat, a speculator can put up \$1,250 and buy a contract valued at approximately \$11,000. With \$3,000 he can buy 50,000 pounds of cotton worth about \$19,000. For as little as \$500, he can buy 14,400 dozen eggs worth more than \$5,000.



I've been talking about buying. But speculators can sell on the same terms. They can crowd prices down just as easily as they shoot prices up. No matter which way the stream of events is running, the speculator is trying to cash in. Thus, he rides both the boom and the bust, applying spurs and whip all the way to make them go faster and farther.

We can cut down both the inflationary and deflationary effects of speculation by regulating margins or down payments. This would not stop inflation. Nor would it interfere with the usefulness of the commodities exchanges. It would merely help to prevent excesses.

For speculation on the stock market, the margin required by the Federal Reserve Board is 50 percent. During the last war, we had restrictions on consumer credit, and evidently this will be authorized again. Already, credit for the buying of homes has been restricted.

And yet credit is free and loose for gambling in food prices. It doesn't make sense, and I firmly believe that when enough people understand the facts, the situation will be corrected.

So far, I have been talking principles of preparedness that call for legislation and other organized action. Some parts of our mobilization task, however, call for purely individual action.

The individual farmer can do many things on his own initiative.

He can keep his machinery, buildings, and all other productive facilities in condition for efficient use.

He can remove fire and accident hazards that may be costly in terms of life, health, and production.

He can control insects, rodents, and other pests that destroy crops in the field or in storage.

He can use the fall season for intensive soil improvement work. In the Nation as a whole, our grasslands are producing much less than they are capable of producing. This fact represents a real challenge to farmers.

Beyond all this, the task for farmers is to gear their production to the Nation's needs -- to produce the right commodities in the right amounts. And in this the farmer properly expects guidance.

I assure you that the Department of Agriculture will do its utmost to provide farmers with the facts they need in planning their production.

We will also use the programs that are available to encourage the necessary types of production.

I hope that our programs may be improved promptly. We must be prepared to shift production quickly and efficiently. We must be prepared to back up whatever price assurances are given with efficient methods in the public interest.

We must not allow excessive speculation to add to the dangers of inflation and subsequent deflation.

In short, our task is to build and maintain our national strength for the struggle we dare not lose -- the struggle that will last, in one form or another, until communism no longer threatens free men with totalitarian enslavement, until we reach the great goal of the American people -- the goal of freedom and peace for the world.

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Sept. 17, 1950

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Washington, September 17, 1950

INTERVIEW BY CHARLES COLLINGWOOD WITH SECRETARY OF AGRICULTURE  
CHARLES F. BRANNAN ON THE FOURTH PROGRAM OF THE CBS  
RADIO SERIES "ONE NATION INDIVISIBLE", 10:30 p.m. Sept. 17

**COLLINGWOOD** A basic reason for this series of programs is our belief that every citizen has an important part to play in the struggle in which America is involved. We want to understand just what is required and expected of each segment of our economy -- and how well prepared each economic group is. Tonight, we want to look at American agriculture, and for that reason we have brought here the Secretary of Agriculture, The Honorable Charles F. Brannan. We want to find out about the job agriculture has to do, the condition it's in, and the strains and stresses that may have come to bear upon it as a result of the Korean outbreak. Let's start, Mr. Secretary, with the nature of agriculture's job.

**BRANNAN** All right, Mr. Collingwood. You naturally wouldn't expect me to play down the importance of agriculture in either peace or war, and it so happens that I have a very firm conviction that agriculture is at least a basic industry if not the basic industry. The human body doesn't either work or fight very well or very long without food. Besides sustaining our bodies, food is a morale-builder. Farmers furnish a great share of the raw materials that make the products and provide the jobs for American business and labor -- including those of the defense industries. Beyond that, American food and American agricultural know-how are instruments of American policy overseas. Our food and technical knowledge appeal not only to the stomachs but to the minds of men. It is literally true that American food works for peace and security.

**COLLINGWOOD** You make a strong case for considering agriculture a defense industry.

**BRANNAN** All I want to establish is that agriculture is an essential part of the whole. Farmers don't ask to be put in any heroic position. On the other hand, they don't want to be considered as sideline spectators. They know their main job is production, and they quite simply want to do that job as completely and efficiently as possible.

**COLLINGWOOD** Suppose we take a good look at that production job, Secretary Brannan, from several angles. First, has the Korean trouble made the farm production job any bigger or any harder?

**BRANNAN** I'll have to answer both "yes and no." If you're thinking of immediate, precise, measurable effects, the answer is no. There has been some excitement, to be sure -- a wave of wild speculation in some

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commodities, some hoarding, and doubtless some attempts at profiteering. But in agriculture there have been no immediate, dramatic demands comparable with ordering more tanks, planes, and ammunition.

If you're thinking of longer-term effects, the answer is yes, the Korean outbreak does make the farm production job look bigger and harder. It serves notice that the communist leaders do not stop with subversive methods that launch military aggression to attain their ends. This settles any questions anybody had about the necessity for mobilizing and staying strong as long as we are confronted by the threat of aggression. Thus, we know we must be prepared to meet heavy requirements for agricultural products, perhaps for a long time to come.

COLLINGWOOD I assume this Korean business would have had a much bigger impact on agriculture by now if we hadn't been so well supplied to begin with with food and other products.

BRANNAN There's no doubt about that, Mr. Collingwood. It's fortunate that our supply situation was and is very good.

COLLINGWOOD Just how good is it, Mr. Secretary?

BRANNAN Let me give you just a few of the most important facts about our current situation.

First, our total food production this year. That's about the same as the record and near-record supplies of recent years, and it's about 38 percent higher than we averaged in the years just before World War II.

Our field crop production, according to the latest official report, is going to be bigger in total than in any year before 1946.

We're producing a billion bushels of wheat again this year, and we have 400 million bushels left from the last crop. If we consume and export at the same rate as last year, we'll still have 400 million bushels left at the end of this year.

We don't produce here in the 48 States nearly all the sugar we use, but in addition to our usual arrangements we entered into special negotiations with Cuba, and we are assured of more sugar than we can possibly use.

The cotton crop is small this year, but our carryover stocks are the biggest we've had since 1946. We now have export controls in effect and are therefore sure of retaining an adequate supply here at home.

We have a great plenty of grain for our livestock.

Our corn supply this past year set a new all-time record, and it looks as if we won't miss that record by as much as two percent in the

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year ahead. We will have about 950 million bushels left over this fall and have prospects for a new crop of well over three billion bushels. Crops of other feed grains are large, and we expect to have near record supplies of feed, both in total and also per animal.

We should have no trouble maintaining or even increasing our livestock production. Consumers should be able to eat greater amounts of the livestock products than they have been eating.

COLLINGWOOD As I understand it, consumers haven't been eating all of the dairy and poultry products that have been available. Hasn't the Government been buying and storing large amounts of butter and milk and eggs?

BRANNAN That's correct. Under the law the Government has had to buy these products to keep the prices from going down. We're still doing it. As of a few days ago, we had in storage 191,800,000 pounds of butter, more than 106 million pounds of cheese, well over 320 million pounds of dried milk, and more than 110 1/2 million pounds of dried eggs (the equivalent of more than 330 million dozen).

COLLINGWOOD Many people have been referring to these particular stocks as surpluses. Do you think you'll get rid of them now that we have a war and a big mobilization program?

BRANNAN I don't know. Our stocks are now somewhat bigger than they were at the time of the Korean outbreak. These products aren't like grains that can be stored indefinitely. There's a limit to how long we can keep them. Congress considered the possibility of paying the cost of packaging and shipping these foods for relief purposes, but it hasn't taken final action as yet.

COLLINGWOOD Well, Secretary Brannan, do you think that in a period of mobilization we can afford to go on using our productive resources like this, producing goods that the Government buys and puts on the shelf, and nobody uses?

BRANNAN Of course not, Mr. Collingwood. I don't think it made sense before Korea, and I think it makes even less sense now. Our grain storage makes wonderfully good sense. We need big reserves of storable products. But I'm strictly against the destruction of potatoes and Government buying and storage of livestock, dairy and poultry products. The worst of it is that the milk, butter, cheese, and eggs now in Government warehouses never were surpluses in the real sense of the word. Our own people were eating less of those products than in recent years. At supply and demand prices, they would probably have eaten the whole supply. We've created the surpluses by using the wrong methods of price support. However, that's another story. The point I'm making is that farmers have been and still are producing more of some foods than consumers are eating. We have also been building up our grain reserves in spite of very large exports.

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COLLINGWOOD The fact that farm prices are quite a lot under their postwar peaks is also, it seems to me, an indication of abundant supplies of farm products.

BRANNAN That's absolutely right.

COLLINGWOOD All right, so much for the current situation. I think, Secretary Brannan, you've shown that we really are in a very strong position as far as current supplies of agricultural products are concerned. But let's go the next step. We know from experience that new conditions can change the picture very quickly. You've already said we're in good shape for future production--could you nail down that general fact with a few specifics?

BRANNAN Certainly. It hasn't been accidental that farmers have been setting new production records in recent years. They're geared up to the job of producing around 40 percent more than in the years just preceeding World War II, and there are good indications they can keep on expanding.

COLLINGWOOD Timber is another strategic crop. What are the lumber prospects?

BRANNAN We have plenty of timber to meet our present needs. But unfortunately the drain on saw timber is running half again as large as the rate of growth. We could, and would of course, if necessary, cut more timber at the expense of future production. In the National Forests we could stay on a good sustained yield basis and step up production 50 percent--that is, from 4 billion to 6 billion board feet a year. However, we don't now have ready access to all of the timber that's ready for harvest.

Looking at the whole timber situation from a long-range point of view, we could with proper management produce all we need and grow it as fast as we use it.

Going back to livestock and crop production, I wanted to stress some other reasons for our big potential.

COLLINGWOOD I'm sorry to have gotten off the point, Mr. Secretary, what are those other reasons?

BRANNAN Those are the recent developments in mechanization and science. In 1941 we had on farms fewer than 2 million tractors. Now we have more than 3½ million not counting garden tractors. This is an extremely important development in two ways. First, the use of machines in place of horses and mules since 1941 has released about 15 million acres from the job of raising horse feed and made it available for feeding people. Secondly, the machines enable each farm worker to do more productive work and to get the work done at the right time in spite of bad weather. It's important to get planting, cultivating and haying done at the right time.

Farmers have a million and a half more cars and a million more trucks than they had in 1941.

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As the second world war got under way, only about a third of our farms were on electric power lines. Now more than four out of five farms have electric power for lights, motors, crop drying equipment, and many other uses that save time, save crops, and generally boost production.

Farmers also have two and a half times as many milking machines as they had in 1941.

You see, they've been plowing money back into their business, buying equipment, fixing up buildings and fences, and working to improve their soil.

Furthermore, the use of chemical fertilizer has more than doubled since 1940. We have a whole new arsenal of chemical killers of insects and weeds.

Our oil crop industry has grown from pygmy-size before the war to the present stature of a veritable giant.

I could say a lot about hybrid corn, new varieties of oats and other crops, and new developments in livestock production. They are all important, too. Through research we're still learning, and farmers everywhere are putting into effect more of the knowledge that research and experience make available.

COLLINGWOOD I assume the soil conservation program has helped to build up our production potential.

BRANNAN Very definitely so. That's one of the big reasons that agriculture is now in shape for big-scale production, and it's one of the many reasons why the general public can share credit with farmers for our great agriculture. The taxpayers through the conservation program share with the farmer the cost of conservation measures. The taxpayers support the scientific research and education programs and provide some of the credit funds that farmers use. The taxpayers have provided price support to safeguard the economic health of agriculture and to maintain safe reserves of important farm products. Those investments are still paying big dividends.

COLLINGWOOD You've given us a wonderful array of facts about our farm production potentials, Secretary Brannan, but is there any one fact that will sum up the whole thing?

BRANNAN Not precisely, but you might remember a couple of figures that would help. Early in our history one farmer supplied food for himself and about 3 other persons. By 1940, one farm worker could supply more than 11 persons. By 1945, he could supply more than 14 persons. The trend is still up.

COLLINGWOOD Would you say, then, that farmers can supply everything we might conceivably need from them in the foreseeable future?

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BRANNAN With a decent break from the weather and with enough materials, equipment and manpower, yes.

COLLINGWOOD There still doesn't seem to be anything we can do about the weather, but let's look at those other possible problems. In the fields of manpower, materials, and equipment, the farmer may run into competition with the military, wouldn't you say?

BRANNAN I don't look at it as a matter of competition. We're all in this thing together. We can't fight and produce without food, cotton, wool, and other agricultural products, any more than we can fight and produce without steel, aluminum, and fuels.

Some of the new developments that enable agriculture to increase production also make agriculture more dependent on industrial materials. For example, in their high level production last year farmers used about twice as much motor fuel as they used in 1941. They used about twice as many auto and tractor tires.

COLLINGWOOD Could we go back to horses and mules?

BRANNAN Not a chance. We don't have the horses and mules. If we had them, they would have to be fed from land that now feeds people. If we had them, we would also have to have more farm manpower or else produce less. We'd be less efficient.

COLLINGWOOD I want to ask you to discuss the effect of the Defense Production Act on agriculture in just a moment, Mr. Secretary, but first let me ask one more question about agriculture's ability to produce. I remember that in World War II, agriculture boosted production of selected items. Farmers didn't just shut their eyes and try to grow more of everything. What I want to know is whether we're in position to use this -- you might call it -- "rifle" technique again, instead of a blunderbuss technique.

BRANNAN You're getting at an extremely important point there, Mr. Collingwood. One of the main reasons for our success on the agricultural front in the recent war was our ability to translate changing requirements into prompt action on about six million farms. You may remember: We had to get great increases in production of oil crops, which many farmers had never raised; flax, which was considered very risky; hemp, which was a new crop to most farmers; in hogs and other livestock and poultry products. After the war, we had to go in more heavily for wheat and other grains to stave off famine conditions abroad.

COLLINGWOOD Now, how was all that done? When the Government needs planes, tanks or ammunition, it places an order with a contractor -- for a certain quantity at a certain price and undertakes to see to it that the raw materials are made available. But I'm sure that's not the technique for getting production from millions of farmers.

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BRANNAN

No, but there are similarities. During World War II, the Government set national production goals for many farm commodities. Through the Department of Agriculture and the nation-wide system of committees made up of farmers, elected by their farmer-neighbors, these goals were broken down so that each farm had definite production goals. As you've said, Mr. Collingwood, a contractor has his product sold before he makes it. He is usually guaranteed a definite margin of profit. He can't be left holding the bag. The farmer, on the other hand, doesn't have a contract. If demand suddenly shifts, he can't just stop the machinery. His crops are growing, the cows are giving milk, and the hens are laying eggs just the same.

Early in the war period, the Congress said to the farmer, in effect, "You go ahead with this big production job and don't worry about prices when this thing is over. When the Secretary of Agriculture officially asks you to increase production of a commodity, we'll consider that a war crop, and we'll see that the price doesn't go below 90 percent of parity (that is 90 percent of the officially designated "fair" price) for two years after the end of hostilities." That was known as the Steagall amendment, and it contributed enormously to the success of the wartime program. The principle was extended into postwar legislation.

COLLINGWOOD Do you have anything similar to that in the present laws, Secretary Brannan?

BRANNAN Yes, we have, and the point I want to make is that there was a serious weakness in the Steagall amendment and the same weakness exists in present legislation. The weakness is the lack of any way to apply price support to perishable commodities except through Government purchases that take food away from consumers, put it in expensive storage, run the risk of waste, and leave a serious disposal problem. This is the method that has piled up the butter, cheese, milk, and eggs I mentioned earlier.

COLLINGWOOD However, that's a problem you meet after, rather than during, a period of mobilization, isn't it.

BRANNAN Not necessarily. The war was still on when the Government had to start taking potatoes off the market and diverting them to nonfood uses. During one period while the war was on, the Government had to buy fresh eggs for price support purposes--and had a tremendous storage problem. You may remember that the Government urged consumers then to put an extra dozen or two in their refrigerators to ease the storage difficulty.

Take another illustration. Suppose it appeared desirable to increase pork production in the year ahead. Should the Government call for the increase and promise price protection? What if demand didn't come up to our expectations and prices dropped? We know that when markets become glutted, Government purchases of pork from packers do not effectively support the market for farmers. Besides, we wouldn't want to put pork in storage. It can't be kept long. We might be in the position of promising price protection we couldn't deliver, and run the risk of wasting pork to boot.

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COLLINGWOOD You've posed what seems to be a dilemma--do you have the answer?

BRANNAN It's actually quite simple. We have suggested one way. Perhaps there might be others. In a period like this, even more than in the pre-Korean days, we need an additional method of applying price support to perishable commodities. It's the production payment method. Using that method, we would never have to take off the market any more of a product than we could use in the school lunch program and other desirable outlets. If average market prices were lower than the price promised to farmers, the difference would be made up with a payment. The Government would make good on its commitments without taking away from consumers great stocks of butter and eggs, milk and cheese. The farmer could go ahead with his job of producing what we need, shifting his production as necessary, and he would have reasonable assurance of price stability.

COLLINGWOOD Speaking of price stability, Secretary Brannan, most people are thinking about the need for stability on the up-side rather than the down-side, and that's one of the purposes of the Defense Production Act. Do you see any prospect of price ceilings on agricultural products in the near future?

BRANNAN No, Mr. Collingwood. It's good that we have authority to curb prices when necessary, but our present large supplies give us very strong protection against excessive prices in the near future. Our productive power is also assurance for the longer-range future. American farmers have the opportunity to postpone or make unnecessary the use of price controls and other regulations, simply by following their natural desires to produce efficiently and abundantly.

COLLINGWOOD Do you consider the Defense Production Act satisfactory from the agricultural standpoint?

BRANNAN Aside from the fact that it does not include one necessary type of authority, it seems to be a very good piece of legislation. We're still in the process of making a thorough study of the provisions and getting organized to carry out the parts of the Act for which the President has made us responsible.

COLLINGWOOD You said you're organizing to carry out the agriculture department's responsibilities under this act...is that anything comparable to setting up a War Food Administration?

BRANNAN No, nothing like that. We'll have a few people watching the supplies of materials and facilities needed in farm production and food processing. We'll keep an eye on requirements for food and other agricultural products and make any allocations that become necessary to insure that all essential needs are met, both domestic and foreign. And we'll have a few people keeping up with the price picture.

COLLINGWOOD When you said the Defense Production Act failed to provide one necessary type of authority, what were you referring to?

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BRANNAN

I meant authority to hold down excessive speculation on the commodity exchanges. Wild speculation speeds up a boom and it speeds up a bust. It's downright dangerous. In a few weeks beginning with the Korean outbreak, speculators in soybeans had a field day. Prices mounted so that they could take profits of as much as 270 percent on their margins or down payments. They could buy soybeans for 20-cents-a-bushel down payment -- less than 10 percent of the price, and in just a short time, prices went up 54 cents a bushel.

While housewives were being shamed for buying an extra five pounds of sugar, a speculator with \$400 could buy a sugar contract calling for future delivery of 112,000 pounds of sugar -- then worth about \$6,000.

The new law restricts the use of credit for buying homes and the goods we all use. I don't think the speculators ought to be treated as a privileged class. The Government should have authority to control the margins or down payments in the commodity futures markets just as we have other kinds of credit control.

COLLINGWOOD

Secretary Brannan, you've given us a good, comprehensive picture of the state of our nation's agriculture and its readiness for whatever lies ahead. Now, in conclusion, I'd like to ask your views on our ultimate objectives -- the objectives that the people in agriculture share along with all the rest of us.

BRANNAN

All right, Mr. Collingwood, I'll be glad to because I think it's vital that we see our objectives clearly and stick to our course.

I believe the Government of the United States correctly reflects the will of the people in making its objective the establishment of real peace -- not "peace at any price" but a just, honest, secure peace.

To achieve this goal -- the goal above all other goals of civilized society -- we must make our basic strength effective. We ARE basically strong. We must convert our basic strength into ready military power, ready productive power, economic stability, and political strength. We must make it even plainer to the peoples of other countries that we are their friends -- that we want nothing from them other than their friendship and trust and cooperation in building peace.

We must face up to the fact that the communists, tied directly to the Kremlin, have made great gains in some countries. They have gained especially in those countries where most of the people are ill-fed, ill-clothed, ill-housed, and without much hope in the future. The communists promise food for the hungry and land for the landless. These are false promises, as experience demonstrates in communist-dominated countries. But the promises have been effective propaganda nevertheless. We can do more than we have done to give hope to the hopeless, and help those who have been almost helpless to help themselves. We can also do more to spread the truth about our real aims and our real nature.

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If we are to be effective, we must also live up to our democratic ideals at home. The peoples of the world want to know whether they can trust us. They judge in part by whether we trust each other in our own country--whether minority groups here have the full rights of citizenship required by the ideals of democracy, whether we all have the essential freedoms we cherish -- or whether we distrust each other, engage in witch hunts, and destroy confidence in our democratic institutions.

In our zeal to protect our democracy, we must not tear it down.

Farmers know they can strengthen democracy by producing abundantly and efficiently. But they have a wider interest.

Farmers, as citizens, bear a great deal of responsibility for preserving and strengthening democracy. The family farm is one of the strongest bulwarks of democracy. Among the people who own their land -- even among those who do not own the land but operate it independently -- communism has no appeal. That's true in other countries as well as in the United States. We must do everything in our power to keep the family farm strong.

Of one thing, I feel very sure. We must be prepared to carry on the struggle as long as there is an aggressive totalitarian force that threatens the peace and freedom of the world. Let us settle down to the task, not with fear but with determination, not with hope for quick or easy solutions but with steadfastness, not as barbaric aggressors but as idealists with the heritage of the founding fathers. The communist revolution can be overcome because it is wrong. The American principle will continue to advance because it is right.

COLLINGWOOD      Thank you very much, Secretary Brannan for being with us this evening on "One Nation Indivisible."



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UNITED STATES DEPARTMENT OF AGRICULTURE  
Office of the Secretary

AUG 29 1962

Sept. 27, 1950

C&R - PREP.

SHOULD WE ADOPT THE BRANNAN PLAN?

YES! By Hon. Charles F. Brannan, Secretary of Agriculture

(Reprinted from May 1950 issue, Senior Scholastic,  
current affairs weekly for high schools.)

When prices of farm products start down, they go faster and faster than prices of other things. This is bad for everybody.

When farmers get less and have to pay the same as before, they buy less. This means less business for other people, then fewer jobs and less money to buy farm products. When this goes on and on, we have a depression.

The Government has a program to keep farm prices from going down dangerously. In many ways it is good. But experience has shown it must be strengthened to meet the newest problems. Farm prices are going down too fast compared with prices of other goods. This has caused the Government to accumulate surpluses of some foods that people would eat right away if they had the chance to buy at reasonable prices. What some people call the "Brannan Plan" is just a series of recommendations to Congress for improving this program.

Here's what the recommendations say:

1. Let's do our best to stop farm income from falling below a definite amount. The line we would draw under farm income is the average in real dollars which farmers have had in recent years. From this income standard, we can figure what prices need to be for farm products.

2. Let's give farmers a real chance at the income standard by seeing to it that the most important farm products bring fair returns. At present, the products that must be supported bring in only 40 per cent of the money farmers get in the market. Our suggested list includes products that bring in about 75 per cent. We should include meat animals, eggs, and chickens which are not now on the "must" list.

3. Let's use a new support method that gives people a chance to eat more, instead of less, meat and milk and other perishables. These products can't be stored economically or very long. People want more of them. The Government should not buy them away from people and raise prices for what is left. These foods should be allowed to go through the markets at prices people will pay. If these prices average below the fair farm price, the Government should make up the difference in production payments directly to the farmers.

4. Let's keep on supporting the prices of corn, wheat, cotton, and tobacco by means of Government loans and purchases. These -- the nonperishable products -- can be stored safely at low cost. The abundance from good years would be on hand when bad weather has hurt the crops.

5. Let's offer price support only to those farmers who try to conserve their soil and who cooperate with other farmers when necessary to prevent surpluses. Also, let's limit the amount of support so that we do not help big, industrialized

farming more than we help the biggest of the family-type farms.

In the past few years, American families have been buying less milk and eggs at the very time that the Government has been buying large quantities and storing them at great cost. The Government has bought these foods to help farmers. But consumers have paid twice -- once in taxes for buying and storing surpluses and again in higher prices at the store.

With the improved program, mothers would have a chance to serve more of the foods their families like and need -- meat, milk, and eggs -- when they are plentiful and prices are within reach. Production payments would protect farmers' income, and they would find larger markets, not only for those perishable products but also for the corn and other grain which poultry and animals turn into meat, milk, and eggs. Our abundance would work for everybody instead of becoming surpluses we don't want.

We especially need to strengthen our protection against depression. No one can say how much another depression would cost -- in lost jobs, relief work, business failures, and all that depression means. The bill would run many billions and we would risk losing our democratic way of life.

We must not take the risk. It is much less costly in every way to do the things that will maintain prosperity than to pay the price of depression.

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Oct. 10, 1950

YOUTH'S NEW FRONTIER

AUG 29 1962

Talk by Secretary of Agriculture Charles F. Brannan at meeting of Future Farmers of America, Kansas City, Missouri, Tuesday, October 10, 1950, 11:00 a.m., CST.

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It's always an inspiration to participate in a convention of the Future Farmers of America. I'm glad to be here, and glad that I can speak today as one of you. For I'm still very proud of the honorary American Farmer Degree you conferred upon me two years ago.

I am sure you are proud to belong to such an outstanding organization of energetic, progressive-minded youths. You are preparing yourselves for the important role you will occupy in the years ahead -- not only in American agriculture, but in American life itself.

A schoolteacher friend of my wife's told us the other day that she asked her third-graders, just beginning geography, if anyone could tell her the shape of the world. An alert youngster in the front row spoke up with the remark:

"My daddy says it's in pretty bad shape just now!"

A lot of you probably feel the same way.

You have grown through childhood to approaching manhood in an era of conflict. You have seen and still see the threat of might over right. You are nearing the responsibilities of adulthood at a time when man is devoting more of his resources and energies into channels of destruction than into improving the lot of all mankind.

You certainly have every right to be concerned about the present course of human events, and about how it will affect your future.

But your faith in that future, and in your own ability to shape its destiny, must never falter.

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That future is youth's frontier.

It is yours to explore and conquer, just as the generations before you have explored and conquered other frontiers against whatever obstacles and handicaps obstructed their path.

In the lifetime of our Nation we have crossed many new frontiers. Each has had its own perils, and each challenged the generation of its time. But all of the challenges imposed by each new frontier of the past have been overcome by man's inherent surge toward self-improvement. Frontier barriers have fallen before man's expanding knowledge, his expanding ability, and his expanding adherence to the ideals of human justice and the brotherhood of mankind.

The frontier challenging your generation is no longer a frontier of undeveloped space.

It is a new frontier of the mind and the heart.

But do not think that a frontier of the mind and heart can be won from an easy chair. It demands action just as the frontier of the old west demanded action. Not merely by thinking but by doing can we hope to advance the God-given principles of human justice and dignity of the individual. It takes action to advance and hold the frontier of freedom -- freedom of worship, freedom of speech, freedom from fear, and freedom from want.

On this new frontier, mankind must use its abilities to live in peace and plenty, rather than in war and poverty.

The task will not be easy. It's going to require the same stamina, strength of character, and courage of your convictions that our ancestors displayed in pushing the frontier of civilization westward in our own country.

But your new frontier is not an uncharted wilderness.

Others before you have pioneered the frontier of freedom. They blazed the trail for you to follow. Our founding fathers erected the guideposts in establishing the principles of human freedom as the very keystones of our democracy

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Many of your fathers and brothers have fought to keep alive the flame of freedom against the threat of tyranny and oppression in both World Wars I and II.

Many of you may yet have to fight to safeguard our frontier of freedom from new threats of ruthless totalitarian aggression, and to lift the barriers now blocking spread of democracy's ideals to the rest of the world.

We certainly have no desire for war or conquest. We want constructive progress for all the world, not destructive waste.

But communist aggression has left us no alternative to fighting fire with fire, wherever the flames of tyranny may break out.

Fortunately, however, the grim battlefield is not the only frontier of freedom. We need soldiers of peace, just as we need soldiers of war. Your challenge for the future is to fight on in peace for the same kind of world of human justice others have fought for -- and are still fighting for -- in war. But you must look beyond the conflict of this hour.

Military victory alone cannot be our goal. Communism cannot be crushed on the battlefields alone. We have learned by bitter experience that we must keep our eyes beyond mere victory of arms.

We must get to the bottom of the trouble. We must strike at the very causes of war and unrest, not just at the results those causes produce.

Otherwise, grim necessity would require us to gird ourselves again and again to subdue each generation's rising revolt of misled peoples, grasping at false promises under new and differing guises. We would face only the dismal prospect of destroying our own strength and sacrificing our own ideals on the altar of war.

We know what those underlying causes are upon which tyranny breeds and achieves dangerous power. We know that it is unjust exploitation, intolerance, hunger and fear that creates the desperation driving people into acceptance of the glittering tinsel of communism's false lures.

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Wherever you find human injustice, you find fertile soil for the insidious seeds of communism.

If we look at the areas of the world falling easiest prey to communism today, we will find they are the areas of greatest exploitation and failure to recognize human rights, the underdeveloped and so-called "backward" areas of the world.

That is why communism must be fought by eliminating the kind of soil in which it thrives -- by exemplifying the principles of human justice in our own lives and in our own country, and by helping others.

That is the challenge facing the coming generation.

Agriculture has much to contribute to that better world we seek.

In either peace or war, agriculture is an essential, basic industry. The human body can neither work nor fight very well or very long without food. Besides sustaining our bodies, adequate food is essential to morale. Farmers also furnish a great share of the raw materials that make the products and provide the jobs for American business and labor -- including those of the defense industries. And our "know how" of abundant food production has become a valuable instrument of foreign policy.

If agriculture can help advance the world's frontier of freedom, it won't be exactly a new role for the American farmer. But it will be an appropriate one, for the farmers of this generation will be carrying on the heritage of other farmers down through the history of this country.

American farmers have been the pace-setters of our Nation's progress.

Farmers who first settled in this New World three centuries ago were moved by many of the aims stirring us today. They wanted to live in freedom. They wanted to live in peace. They wanted to have enough of the material necessities of life.



Ever since then, farmers have been in the vanguard of our Nation. They struck out to settle new areas. Generation after generation, they pushed the frontier westward. The Indians and the lawlessness and the arid wilderness of the west failed to prevent them from carving out an immense new agricultural empire, more vastly productive than any other the world has ever known.

Our history shows us that food came first, before industry -- that the farm came before the city. Before our country could build a sound economy, it had to have ample food.

It is well to remember that. Food still comes first in the world of today. There can be no secure peace in a hungry world. That's why America's ability to produce in abundance is such a vital contribution to freedom throughout the world.

But farming makes more than just a material contribution of abundant supplies of food and fiber toward the secure and peaceful kind of world that is our goal.

Farming itself, as a way of life, can be a solid bulwark of democracy.

However, it is not large-scale, industrialized "corporation farming" by managers and hired farm workers, employed by absentee owners, that represents the moral strength of American agriculture. Actually, such corporate collectivism tends entirely away from our American way, and drifts instead toward the serf-and-feudal-lord system that invites communism.

That cannot be overemphasized. Some people today are inclined to overlook the important fact that family farming, with adequate opportunity for farm ownership, is the real backbone of American agriculture.

The family farm has occupied a significant role in the growth and progress of our Nation. It occupies an important role in our economy today. But it occupies an even more important role in our continuing struggle to preserve human freedom.

Under our traditional family farm system, agriculture becomes a way of life, not just a way of making a living. And the family farm environment has

contributed much to the moral fiber of our Nation.

Success of the family farm ultimately depends upon the family itself, and rural youth must share in the responsibility for family solidarity. Youth can contribute to strengthening family ties, or to breaking them up. The choice is up to you. And the right choice is not always the easiest one to make. Sometimes it calls for personal sacrifice.

That reminds me of a little story about three youngsters attending Sunday school. Their teacher asked that each recite an appropriate verse as they put their contributions in the collection box. One little girl dropped in her nickel and said, "It is better to give than receive." Another little girl added her nickel and said, "The Lord loves a cheerful giver." But when the box came to one little boy he hesitated and looked longingly at his nickel, probably thinking about the ice cream cone it would buy. But he finally dropped it into the box with a sigh and solemnly proclaimed: "A fool and his money are soon parted!"

Even if we are a bit reluctant at times, I think most of us usually end up doing what we believe is right.

We must never let the social values of family farm living in this country be sacrificed in the false name of mass "efficiency," so often used in an attempt to justify extension of industrialized farming operations.

Instead, we must preserve and strengthen our method of family-type farming by improving the economic opportunities for family farmers, and by improving the opportunities for rural youth to stay in farming.

We are strengthening democracy, whenever we strengthen the position of American agriculture. We're wiping out ground into which communism likes to smuggle its dangerous seeds whenever we wipe out economic injustices and inequalities in agriculture, just as when we fight injustice and inequality of opportunity anywhere in the world.

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Fortunately, American agriculture is well prepared to assume its full share of responsibility in advancing the frontier of freedom.

Farmers are geared up to the job of producing around 40 percent more than in the years immediately preceding the recent world war. Given a fair break by the weather, and with adequate materials for production, they can do even better.

We weren't always so fortunate. Most of you are too young to know at first hand the depths of despair into which American agriculture fell in the years of the last tragic depression. But you know from your parents the story of a grim struggle for survival in those days of 3-cent hogs, 5-cent cotton, 8-cent tobacco, 15-cent corn, and two-bit wheat.

Those were the years when we almost proved Columbus was wrong, instead of right -- the world was just about flat!

We've come a long way since then. We are now benefiting from the wisdom of national efforts to improve the economic stability of agriculture.

In these times of mobilization for preparedness, we can be thankful indeed for the progress of American agriculture. And we can be thankful, too, for the trained hands being prepared to guide agriculture's future destiny.

The coming generation of farmers will be better equipped than ever before to make agriculture's fullest contribution to peace and security.

You have the advantage of greater knowledge, as a result of our educational system, our extension service, our scientific research.

You have the advantage of better equipment, better crop varieties, better ways to combat insect damage and plant disease, better transportation facilities and better marketing methods -- all as a result of our vast technological progress that we describe as American "know how."

And you have the advantage of a better understanding of agriculture's important role in our economy, and of your individual responsibility of good



citizenship, as the result of such constructive institutions as this great organization of Future Farmers.

Your organization develops the very qualities which are needed most, not only to make and keep our farm programs successful, but to preserve democracy and advance the frontiers of freedom in the world.

Democracy needs leadership, and agriculture needs it. You are developing the quality of leadership.

We need cooperation for progress, and you are helping to develop it. You are learning early the importance of group effort.

And by learning the art of working together, you are training yourselves in the most important attribute of good citizenship.

We all look to the future. But we don't have to just sit idly by and wait for what the tomorrows will bring. Actually, the tomorrows never really arrive -- they're always just another "today" when they get here. So the time to start building the world you want for the future is today, not tomorrow. Your actions are important now, not just after you become adults. And right now is the time to start your crusade to advance the frontier of freedom.

How can any individual bring about changes in this world, for better or worse?

It must start in our own hearts. It is how we live, how we think, how we act, that makes the world the way it is. We must start with ourselves, not just with the other fellow.

Little things in our daily lives influence our progress toward a better world, or mark our slipping backward.

Every time we extend a helping hand to the less fortunate, we are building toward our goal. Every time we take a stand against intolerance, every time we

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raise our voices against tyranny or injustice anywhere in the world, every time we put the welfare of all the people above selfish personal gain -- we are, by our example, pushing forward the frontier of freedom.

That's the challenge of our time.

Just as on other frontiers of the past, the vigor of youth -- and especially the vigor of farm youth -- can set the pace of progress.

Young men in our armed forces today carry a great responsibility. Young men on our farms also carry that responsibility. And learning to be responsible is part of becoming mature-minded.

We have blazed well the trail for a better world, with faith in democracy as our guiding star. But as long as there remain corners of this earth still darkened by tyranny and rejection of the divine principle of human justice, youth must finish the job.

That is Youth's New Frontier.

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## UNITED STATES DEPARTMENT OF AGRICULTURE

Office of the Secretary

FOOD IN THE NATION'S MOBILIZATIONU.S. DEPT. OF AGRICULTURE  
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AUG 29 1962

Talk by Secretary of Agriculture Charles F. Brannan before National Association of Food Chains, Cincinnati, Ohio, October 17, 1950.  
12:30 p.m. EST.

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Right now, and as far ahead as we can see, the prospect of abundant food stands out as one of our major sources of strength.

We can look ahead to the dead certainty that -- with good crop weather -- the farmers of this Nation are going to produce plentiful supplies.

And let's not make any mistake about the fact that they are doing a good job right now.

America's farm production is booming along at a level about 40 percent above its output before the second world war.

Our agricultural policy is aimed squarely at assuring the Nation's mobilization the maximum contribution which agriculture can provide.

In simple terms, this means enough to eat.

Let me hasten to add that this should mean enough at fair prices. This applies -- with emphasis -- to the foods which people prefer. We must lay our sights on fair prices for meat, milk, eggs, and those other products in America's accepted standard of living.

Actually, like all the problems of the modern age, this target is a combination of many targets.

We need enough to supply the 150 million people who form the Nation's civilian population and carry at the same time a safe margin in strategic reserves.

We have the parallel obligation to feed the Nation's growing military forces and feed them well.

And there is yet another obligation.

We must back up the Nation's foreign policy by continuing to share our abundance to the fullest possible extent with foreign countries in need of help. Our food is testimony that the free people's of the world are united in a fellowship which has its roots in peace. Our practice of sharing food with our fellow men is a warranty, to the whole world, that ships of grain -- not ships of war -- are the best symbol of the cause for which we stand and for which we are ready to fight, if we must.

These goals are well within our realistic reach.

We cannot afford to aim at anything less. If we accept a lower target in supplies, we will open the way for inflation to send food prices higher and higher

Production is the first line of defense, price controls the second.

The Nation's superb food production rules out any need at this time for a system of food controls.

In sizing up the future, we must deal first with foreseeable trends. These contain no omen which spells out right now the necessity for drastic food controls for as far as we can look ahead with certainty. In this connection, let us all carefully note that the authority which Congress has given for applying price controls to food expires next June -- about eight months from now.

Let me make it perfectly plain that I cannot say at this time that we can go forward for eight months without food controls. But industry and Government, working together with the support of farmers and consumers, can take steps which may avert the need for controls. Certainly we can ease the necessity and fight a delaying action against the inflationary forces which are likely to make food the pressure point in our economy. It is our job to see to it that we are strong enough at this point to absorb the pressure of increasing demand when more purchasing power moves into the food market.

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Today, the family market basket can be filled at prices lower than the lowest ceilings that could be put on. We can find the explanation in the Defense Production Act. Under its provisions, ceilings on food can be no lower than parity or the highest price for the thirty days preceding June 24 -- the date of the Korean outbreak.

Most people would be startled to learn that, although the general level of farm prices is above parity, the farm prices of nearly all food commodities are below parity right now, including such major cost-of-living items as pork, milk, butterfat, eggs, and poultry among the livestock products, all the cereals, and the major fruits and vegetables, including potatoes.

It is true that prices of beef cattle, lambs, and veal calves are above parity. But they also were above parity in late May and early June. Here the test is whether present prices are higher or lower than they were then. The recent prices of steers and lambs are, in fact, very close to the pre-Korean prices. Usually the margin has been a dollar or less per hundred pounds, and in some markets and for some grades the advantage lay with the earlier prices.

If going food prices were replaced by the lowest ceilings possible under the law, the cost of living would rise rather than fall. This is the situation today. It will continue to be the situation as long as our supplies are larger than our requirements.

Let's complete our review of food prices by looking briefly into the future.

The outlook for the next several months -- well into the first quarter of next year -- is plainly discernible.

The best-informed judgment at our command forecasts an upward trend in over-all food prices. But the rise will be held to moderate size by the ample supplies of food on hand and by the equally real fact that meat prices are going down.

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Meat plays a vital part in the cost of living. A third of the Nation's food bill goes for meat. It is, by far, the largest single item -- in dollars -- in the family market basket. These facts account for the concern with which housewives look over the price tags at your meat counters all over the country.

The downward trend in meat prices is largely seasonal. But it is well-timed for the average family burdened with the pressure of higher living costs. It is worth noting that the price spurt which came on the heels of the Korean outbreak occurred at the year's low in livestock slaughter and during the normal decline in the Nation's meat stocks. The turnabout is the result of heavy cattle and hog marketings which are now moving up to their normal late fall peak.

These familiar peaks and valleys will be repeated again next year -- in eggs, milk, and other products as well as pork. Flush production seasons offer ideal opportunities for the retail food industry to aid harassed shoppers. Right now, for instance, pork products and lard are in good supply in retail markets, and they will continue to be plentiful for the next few months. This is the leverage needed to bring your superb techniques in merchandising, advertising, and sales promotion into effective action against inflation. Plentiful foods should always have a high priority in the food advertising pages of the Nation's newspapers. Many of you are already cooperating in splendid fashion with the Department's Plentiful Foods Program, but I would like to see that cooperation extended throughout the food distribution industry and doubled and redoubled. It is one of the effective weapons we can use to hold food prices in check.

The seasonal ebb and flow of foods and food prices illustrates a significant fact which some people often overlook.

Production can master inflation.

Our present and prospective supplies of pork testify to the capacity for sustained big production which our farmers possess.

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We are, in fact, the beneficiaries of that big production as farmers send to market this fall and winter the finished output of last spring's peacetime record pig crop. This fall's pig crop likewise is setting a peacetime record, and those hogs will be ready for market late next spring. Still another record crop is expected next spring, and it will arrive on the market a year from now. This sustained high flow of pork will continue to help put the damper on inflationary pressures in food prices. Near-record supplies of feed grains, replenished again this year by a large corn crop, are providing the farmers with the raw materials to keep production up.

Undoubtedly most of you know in general the framework which has been set up in the Department to carry out a policy of watchful readiness. The main responsibility has been delegated to the Production and Marketing Administration.

Here we have established the essential units to integrate and coordinate the activities and programs with which the Department will support the Nation's mobilization. These units are designed to serve as the food headquarters staff of the United States.

The first of these units is the Office of Requirements and Allocations. Its job, in brief, is to find out how much we need and then strike a balance against what we have. In practice, of course, this is a complex operation in which the office will compile the total requirements of the civilian population here at home, the military forces and their civilian feeding programs, ECA exports, and other exports. The new office likewise will appraise the Nation's supplies. When the totals are matched commodity by commodity we will be in position to know whether we are faced with the necessity of allocating our stocks in order to cover all essential uses. These same findings will aid us in determining in what commodities we must encourage even higher production.

The second of these new units is the Office of Materials and Facilities. This is the service station for the Nation's food machine. The primary task here is to serve as claimant agency for the Nation's farmers and food handlers, and they

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can look to this office for help in obtaining sufficient equipment, materials, and supplies -- not only to keep food production at a high level, but also to help an efficient distribution system handle our food with a minimum of waste. This unit will deal with the food machine's requirements in such things as fertilizers, insecticides, chemicals, containers for use on and off the farm, farm machinery, food processing machinery and equipment, rubber, and petroleum, coal, and other fuels.

There is also a small manpower group which will deal principally with other Government agencies, including the Department of Labor, the USES, and the Selective Service. We will help these agencies assess and supply agriculture with the workers it requires for sustained high production. Manpower is an essential ingredient in the kind of production we must obtain if we are to ward off the destructive onset of inflation and the necessity of resorting to controls. Mechanization has reduced agriculture's over-all requirements in labor, but the trend has placed a premium on skilled farm help. One of the leading tasks in the coming year lies in aiding farmers in retaining the skilled workers now employed in agriculture. Similar manpower problems are likely to occur in the seasonal labor needed for the fruit and vegetable harvests and for the larger cotton production we can expect and will need from the South next year.

These new units will be manned by key specialists, and the staffs can reasonably be expected to be small in size. They will look to the commodity and service branches of PMA for working information and working recommendations. The Food Distribution/<sup>Programs</sup> Branch, for instance, has been renamed the Food Distribution Branch and, as the agency responsible for ascertaining civilian food supply requirements, it will keep the Office of Requirements and Allocations fully informed on the Nation's domestic needs. The basic responsibility for production goals rests with the individual commodity branches acting in close liaison with both of the new offices and with PMA's Assistant Administrator for Production. All the other

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resources of the Department will be available to help carry the food mobilization programs to success.

We will also go outside the Department. Agriculture and industry contain rich reserves of skilled advice and sound judgment, and we expect to tap these resources for the assistance we will need in coping with many crucial problems.

Before I turn from the Department's structure of new agencies, I would like to point out that the Commodity Credit Corporation is performing a valuable service in its efforts to fill demands and stabilize prices. The Corporation's stocks of commodities are helping us reach our goals. Here are two examples:

In November 1949, the Corporation initiated a price support program for cottonseed. By the time the program was completed in February 1950, a little more than 800,000 tons of cottonseed had been purchased at an acquisition cost to the Government of \$37,000,000. Then the demand for fats and oils strengthened and prices began to rise. This made it advantageous and desirable for the Corporation to begin moving cottonseed into consumption. Today, the Corporation's total holdings have been liquidated. The cottonseed program was a good program. It stabilized markets for producers last winter when supplies were heavy, and it prevented unwarranted high costs to consumers this summer when supplies were scant. I might add that the Government got back all of its cash outlay.

The Corporation held in inventory at the end of July more than 193,000,000 pounds of butter which had been acquired under the price support programs established by Congress. That was far too much butter, as a matter of fact. Storage costs are high, prices are held beyond the reach of many consumers, and consumption is reduced. In mid-August, sales of Corporation-owned butter in commercial channels began to pick up. These sales, at least for the time being, appear to be increasing. In recent weeks they have totaled almost 14,000,000 pounds, far exceeding the current rate at which we are continuing to purchase butter. These butter sales are working to the benefit of consumers.

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While I have addressed myself to several different facets of the theme of this meeting, "the Key to Adequate Food Supply," I have so far refrained from discussing the very real assistance the food industry can give the Nation. A good example is the run on sugar that was set off soon after the communist invasion of South Korea. Many elements in the retail field, particularly among the chain stores demonstrated sound judgment and self-restraint while the stampede was on. They pushed all their available sugar out into view, offered it to consumers as long as it lasted, replenished their inventories as quickly as possible from the Nation's ample stocks, and, in general, did their best to quiet the hysteria.

I hope and believe this same sound judgment, this same self-restraint will prevail in the future. We are going to need it, and I am also sure that many of you intend to conduct your business in this highly commendable fashion -- with or without help and advice from Government. However, at the risk of suggesting some practices you have already adopted and intend to follow faithfully, I have a few recommendations to offer at this time. Perhaps I can speak over your shoulder to other elements in the food industries which do not own a clear and open record of cooperation and, I should thoughtfully add, common sense.

The threat of inflation is very like the threat of fire, and most of us learned long ago that you can't fight a fire by pouring on gasoline.

Let's fight hoarding in every possible way. This means that industry should look to its own inventories instead of throwing the blame on the housewife. Excessive stocks are bound to lead to uneven distribution, and unwarranted price increases are likely to result from artificial scarcities.

Let's keep markups down to a minimum. I can understand the realistic fact that increasing operating costs can leave no choice but to raise prices. But the situation we are facing calls for a determined effort to hold those increases to the amount necessitated by costs. Above all else the practice of lifting prices to get set for controls with a ceiling with comfortable headroom is the height of folly.

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There isn't any surer way of bringing down controls. And, I might add, even the roomiest of ceilings is bound to become cramped and uncomfortable.

Let's continue the policies which I know to be standard operating procedure for so many of you. These include your well-planned efforts for reducing waste, keeping supplies evenly distributed, and building up the efficiency of your operations. You already have remarkable improvements to your credit, but this is the time to redouble your efforts in these directions.

Let's help the consumer get the most for her food dollar. The Department's Plentiful Foods Program can help you provide consumers with authentic information on good food buys. Recipes, meal-planning, and sound nutritional advice are other services which you can offer housewives, and when they are built around the plentiful foods and the low cost foods, you are helping to achieve the most advantageous use of the Nation's food resources.

In its basic sense, this is a responsibility which rests to a large extent upon the shoulders of the food industries of this country. There are, in all, more than 825 thousand food handlers in business today, including corporations and cooperatives, partnerships and proprietorships ranging in size from the family-owned grocery down the block to gigantic interstate manufacturing and distributing organizations. This number includes upwards of 300 thousand operations whose business is serving meals to the public. These handlers are the stewards of our resources once they have left the farm in the form of food ready for processing and for consumption. While net additions to our basic supplies are outside the range of your usual undertakings, you can fulfill this stewardship by making them go as far as they can at the lowest possible cost to consumers. This cardinal principle of efficiency in food distribution is today more than good business practice; it can serve as a bulwark against inflation.

The production job lies on the farm.

This is the big job; this is the farmer's job.



Civilian food consumption is currently estimated to be running eleven percent higher than before the second world war. There are good reasons, however, for expecting the average person to eat more food next year. The increase may carry the rate of consumption up to 15 percent above its prewar level. In many commodities there is ample production in sight to meet this increased demand, notably in milk, eggs, and cereal grains. Meat supplies will prove far less comfortable. Of course, we have the capacity for increased production and the present outlook for pork holds the prospect of increased supplies. We have the grain reserves to build them, but we must remember that the farmer needs time to lift meat production.

If we give him a chance and the help he needs, he will do his best to meet the demand. The production records of the last decade are irrefutable evidence that his best usually does the job. These production records are no accidents.

Farmers have geared their operations to the job of producing around 40 percent more than in the years before 1940. There are good reasons for believing that they can keep production rising. The capacity for bigger production has its foundation in the fact that farmers have improved their farms and their farm operations with more and better equipment, better livestock, better crop varieties, better insecticides and other chemicals, and by using far more fertilizer.

Here are a few of the recent developments in mechanization and science which have given agriculture its big potential.

In 1941 there were fewer than two million tractors on the Nation's farms. Now we have more than  $3\frac{1}{2}$  million, not counting garden tractors, and farmers have a lot of special implements to go with their machines.

Farmers have a million and a half more cars and a million more trucks than they had in 1941.

As the second world war got under way, about a third of our farms were connected to electric power lines. Now more than four out of five farms have electricity for lights, motors, milking machines, drying crops, and many other uses

that save time, save food, and lift production in general.

For the Nation as a whole, farmers have more than three times as many milking machines as they had in 1941.

They have been plowing their money back into their business, buying equipment, repairing buildings and fences, and working hard to improve your soil.

Furthermore, the use of concentrated plant foods in chemical fertilizers in the Nation has tripled since 1940, and farmers today possess a whole new arsenal of chemical killers of insects and weeds.

Most of you are familiar with the improvements in production which have come from hybrid corn, new varieties of oats and other crops, and new developments in livestock. Through research we're still learning, and farmers every year are putting into everyday practice more of the knowledge that research and experience are continually making available.

The Government's conservation program has helped to build up our production potential. American soil, by and large, has more "muscle" than it had twenty to thirty years ago. This is one of the big reasons that agriculture is in shape for big-scale production.

We can sum up the trend by pointing out that one farm worker supplied enough for more than 11 persons in 1940. By 1945, he could supply more than 14 persons. To the everlasting credit of the American farmer, the trend is still rising.

Farmers are positioned to supply the Nation with all its reasonable needs in farm commodities in the immediate years of the future.

Some of the new developments which enriched agriculture's potential also make agriculture more dependent on industrial materials. For example, farmers used more than twice as much motor fuel last year as they used in 1941, and they used about twice as many automobile, truck, and tractor tires.

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As mobilization moves forward, the task of supplying farmers with the materials and equipment to keep production up will become increasingly important. This applies to seeds, fertilizers, insecticides, and similar materials, but modern farming also depends directly on gasoline, rubber, machinery, and chemicals as well as the manpower needed to do the work. There is no other answer if we are to reap the benefits of the big potential which exists in American agriculture.

Modern agriculture and modern industry are interdependent.

Demands for increased food production will be answered in part by the increased production of the industrial goods essential to modern farming. This is within the basic design of the Nation's programs of mobilization. It will serve agriculture and, at the same time, help agriculture serve the Nation. Another goal is the proper balance which will enable agriculture and industry to move together to accomplish the great task of supplying the needs of the Nation.

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AGRICULTURE'S ROLE--IN WAR OR PEACE

Address by Secretary of Agriculture, Charles F. Brannan, at  
Iowa State College, Ames, Iowa, October 19, 1950, 8:00 p.m. CST

I want you to know I really welcome this opportunity to speak here at Ames. Iowa State College is one of the great institutions of our land-grant college system that has meant so much to progress of the Nation's agriculture.

Of course in a great agricultural state like Iowa, it is only natural that your land-grant college should be keenly concerned with agricultural policy, and endeavors to contribute to advancement of that policy. So this is certainly an appropriate forum for serious discussion of agriculture's problems, now and in the future.

Whether we are interested primarily in agriculture or any other endeavor, one thought is uppermost in all of our minds today:

War and threat of war again hang grimly over the peace-loving people of our Nation.

We cannot realistically discuss agriculture under such circumstances without recognizing the impact of that threat upon farming.

We fully recognize the perilous path ahead. None of us minimize its dangers, nor the sacrifices it may require.

Yet we refuse to accept war as inevitable.

Rather, we cling to our faith in other and better means of achieving international accord. We believe that by mobilizing our moral and material strength to the utmost, by maintaining a unity of rightful purpose among all free peoples, and by making a resolute showing of our unyielding determination

never to submit to the tyranny and aggression of communism, peace can yet be achieved.

Our faith in the rightness of peace, however, must not blind us to the reality of war, and the threat of that war expanding.

As long as communist aggression keeps alive that threat, we must have our military, industrial, agricultural, and economic strength mobilized in full readiness for any eventuality. And as long as the need for such preparedness exists, the Nation's defense effort must above all else come first in our minds and our hearts -- for agriculture as well as for any other segment of our economy. It is therefore in the light of the Nation's security, now and in the future, that I wish to discuss agriculture's role today.

For agriculture as well as for any other segment of our national life, no sacrifices will be too great--as long as they actually serve the best interest of the Nation's strength and security. In these times, the Nation's interest--not the individual's--must be our measuring rod.

Yet preparedness doesn't necessarily mean sacrificing all progress toward improving our domestic economy. Preparedness means more than just guns and tanks and planes. A healthy economy itself is a great part of our national strength. Our economic strength is the real backbone of our military strength. We must keep our economy strong. And we've certainly learned from experience that we can't long maintain a strong economy without strength and stability in agriculture.

Rather than give any reason to turn our backs even temporarily on efforts to strengthen our entire economy and improve the stability of agriculture, the Nation's call to preparedness should give us all new incentive to build even more rapidly toward a stronger, sturdier democracy that can and will withstand any challenge.

It might be well to keep that in mind in considering agriculture's future. The urge to better the economic opportunities in agriculture--and the need to better them--is not going to diminish, even during this period of preparedness effort. And it is in the Nation's interest, not just the farmers, to keep building up the strength of our agricultural economy.

As the farmer willingly accepts his full share of responsibility in the defense effort, asking no special privilege but merely the tools he needs to do the job the Nation requires, he certainly retains the right to strive to hold the gains he has made in the last two decades. He is entitled to continue pushing forward instead of allowing himself to be pushed back, as long as the progress he seeks for agriculture serves rather than interferes with the Nation's best interest.

It hasn't taken the impact of national preparedness to make us think of agriculture in terms of the Nation's interests. The basic nature of food and fiber and the land that produces them has long led us to accept the fact that a national interest existed in the well-being of agriculture, far beyond the well-being of the farmer himself.

Agriculture has been a basic factor in the Nation's strength and progress since the very founding of our Nation. It has been farmers who carved our Nation out of the wilderness, and pushed its frontier westward.

Production of food and fiber came first, and industry followed. It has been the increasing efficiency of American farming that has enabled us to release more and more of our population into nonfarm jobs--making possible our great industrialized economy of today.

Let me emphasize that relation between the increasing productivity of our farms and the availability of manpower for industry. A little more than



a century ago, one farm worker, on the average, provided food and fiber for less than five persons. Now one farm worker provides, on the average, for 15 persons.

This process was accelerated during the decade just ended. While the nonfarm population of our country grew by about 20 million persons, it is estimated the number of people on farms decreased by nearly three millions. Yet our farms have been producing about 40 percent more than the 1935-39 average--and using about the same number of acres.

Such agricultural strength is one of the fundamentals upon which the vitality of our whole economy rests. Without raw materials from the farms, much of our industry would be crippled; a large part of our labor force would be idle.

As well as providing much of the materials for industry, agriculture provides much of the markets for industry. And as progress in American agriculture has brought with it increasingly higher levels for rural standards of living, it has brought a parallel increase in demand for the products of American industry.

But agriculture has made and is still making more than material contributions to our economy and our national strength. It makes a moral contribution, too. Ever since the founding of our Nation, people who owned and tilled their own soil have contributed a strong, stabilizing moral influence upon our national life. Such landowners are still a solid bulwark of democracy, a safeguard against the inroads of communism in our own land. Family farmers particularly represent the traditional American, democratic pattern.

As important as these material and moral contributions of agriculture have been to the growth and progress of our Nation in the past, they are

even more vital to the basic strength of our Nation in changing times like the present.

In times of peace, we have learned we need the influence of a stable and prosperous agriculture for full employment and steady markets in industry, for the assurance of adequate food supplies for the nutritional health of our Nation, and for the moral backing of democracy's free enterprise system as opposed to collectivism in any form---including monopoly.

In times of national peril we need above all reliable assurance of abundant production adequate to meet military and civilian needs, however suddenly those needs may change. And to have that assurance means maintaining our agricultural economy in a strong enough position to be able to adjust and adapt itself quickly to any changing requirements the future may bring.

In peace or war, therefore, the strength and stability of agriculture is an essential national asset.

In critical times like the present, when we are neither fully at peace nor fully at war, it appears prudent to take careful stock of our agricultural situation and make sure of its ability to meet either course the future may bring.

Where do we stand today?

Our current supplies of farm products are heavy. Our productive power is the greatest in history.

Our food production this year is about 38 percent higher than the average for the years just preceding the recent war, and about the same as in our recent years of record and near-record production. Our field crop production looks like it will be bigger than in any year prior to 1946. We expect another billion-bushel wheat crop--and we have at least 400 million bushels in reserve from last year's production.

We had a record supply of corn during the past year. We expect to have almost as much corn on hand in the year coming up. We'll have about 950 million bushels left over this fall, and the new crop is over the three-billion-bushel mark once again.

We don't have a big cotton crop this year, but we do have a good reserve. We were fortunate in having the largest carryover stocks since 1946.

Our total supply of livestock feed for the coming year will be nearly as large, in bushels and per animal, as the record supplies of the 1949-50 season. This means we have the feed to continue or even expand our large livestock production.

Perhaps we fail to appreciate fully the progress we have already made in food production. Last year's beef production was 36 percent higher than the 1935-39 average. Corn production was up 46 percent--hogs, 50 percent--wheat, 51 percent--eggs, 55 percent--and chickens, 75 percent.

Yet as big as our production is now, we can boost it a good deal higher if we should have to, assuming a fair break from the weather, and adequate materials for production. American farmers have the know-how that it takes.

Research has been steadily producing better plant varieties, new hybrid seeds, improved bug and weed killers, and more efficient uses of fertilizer.

And American farmers have been plowing back into their business the gains of relative prosperity, making farming more highly efficient. We have more farm machinery, and more efficient farm machinery, than ever before. There are about twice as many tractors on farms now as there were at the time of Pearl Harbor. And we have more electric power on the farm.

Even allowing for increases in military food requirements, we expect to have ample food so that civilians can continue consuming as much as in the past two years.



Of course to assure that abundance, we must keep the necessary tools of production flowing to the farm. The Nation must not underestimate the importance of keeping enough equipment and supplies available for farmers--and for the industries supplying farmers.

Mechanized farming has brought us tremendous progress in production. But our vast productive power, as a result, depends more than ever before upon machinery, fuel, rubber, chemicals, and skilled personnel.

Not only the Department of Agriculture but other responsible Government agencies as well fully realize that farmers can't operate without tools and supplies.

We're watching the whole farm equipment and supply situation very closely. We've wasted no time in providing the means through which the legitimate needs of farmers and industries supplying farmers will be aggressively protected.

Within our Production and Marketing Administration, we have already established an Office of Materials and Facilities and an Office of Requirements and Allocations to help with the immediate food phases of the defense effort. I believe it both fortunate and wise that we can take advantage of the already existing framework of the PMA for these essential new purposes, due to PMA's direct link with the farmers through its democratically-elected farmer committee system.

The Office of Materials and Facilities will act as claimant for farmers and food processors and producers of farm equipment to make sure they get the essential materials they need. It is already a going concern, with units set up to deal with fertilizer, insecticides, chemicals, containers of all types needed for farm marketing, farm machinery, rubber and tires, petroleum and other fuels.

The Office of Requirements and Allocations will be responsible for

integrating the demand for farm products. It is the job of that Office to find out how much food we need, how much we've got, and to balance off requirements of civilian, military, ECA, and other outlets in view of available supplies. That Office will provide the guide for balancing our food supply, making full use of the already existing commodity branches of PMA to move out for higher production wherever and whenever it is required.

Let me make it clear that the full facilities of all branches of PMA and all other Bureaus of the Department will be utilized to achieve our preparedness objectives, the new Offices acting as clearing houses or co-ordinating bodies rather than replacing any existing action agencies or programs. Full use will be made of our farmer-committee system for translating decisions at the administrative level into action in the field and on the farm--and for bringing to the government facts from the country that are essential in making national plans.

I am confident that with such support and guidance, agriculture can fully meet its immediate responsibility--making mighty sure we have enough food for all needs. There's really more involved than just meeting the additional military requirements to feed our fighting forces. A continuing abundance of food for civilians is a powerful weapon against inflation--and our best means of staving off as long as possible the necessity for price controls and rationing.

Such controls, of course, could become necessary, unwelcome as they are in our American way of life. Only by continued abundance of food production adequate to meet an increasing consumer demand can they be avoided or postponed.

People are already eating more than prewar, and there are more people. Our population last year was about 15 percent larger than in 1935--and that larger population ate on the average about 11 percent more food per person than in the prewar years.

Consumption always increases at a more rapid rate in times of full employment and high purchasing power, such as the gearing up of our defense industries to full production will create. Our BAE estimates that consumption may increase 2 to 3 percent by next February, as a result of record high employment and the probability of more of its purchasing power being concentrated on food. As more industry is diverted to defense, there will be less durable goods bidding for the consumer's dollar. The result will be more of that dollar available to buy food, with resultant inflationary pressure on prices unless we can maintain a safe abundance even beyond actual requirements.

Let's look for a moment at what effect the Korean situation has already had on food prices, and other prices.

Meat was already undergoing a seasonal price rise in June, normally a low period of slaughter.

The first reaction to the Korean conflict was a desire on the part of many consumers and some industry to hoard or expand inventories, a desire completely unjustified on the basis of available supplies.

There were some instances of retailers raising markups on inventories, without any further justification than the hope of establishing a case for higher price ceilings in event such ceilings were immediately invoked.

These three factors combined to account for much of the advance of food prices.

What happens from now on until early next year will determine the extent to which we must be faced with controls to prevent food price inflation. February and March may tell the story. By that time the countering anti-inflationary pressures of increased taxes and credit restrictions should begin to make themselves felt. And we'll know better whether such steps, coupled with an abundant food supply, are enough to avoid further controls.



Meat is the pressure point of upward food prices, yet heavier slaughter this month and next should ease that pressure by increasing the supply. Beef prices should reach their peak this month or next, and taper downward. Hog prices have already been dropping, but a favorable corn-hog ratio is expected to continue although marketings may be heavier during the next few months than in the same months of last year. Last spring's pig crop now being marketed was 5 percent higher than the previous year's, and the 1951 spring crop is expected to be still larger. We need to build up our pork supply to relieve the pressure on meat, the focal point of consumer demand.

With the exception of some meats, farm prices of food commodities are all still below legal ceiling levels -- that is, below parity or below prices that prevailed during the 30 days preceding June 24.

For that reason, to establish ceilings right now would have little or no effect on reducing food prices.

Some people argue against price supports for farmers in periods of high demand, such as now in prospect, at the same time we are trying to safeguard consumers against inflationary food prices. They are wrong. Abundant production is the best answer to rising food prices. And either lack of incentive or fear of producing abundantly could result in shorter supplies that would make food prices really skyrocket upward.

In the Nation's interest, we are asking farmers to produce even beyond the amounts they know they could sell at profitable prices. We are eliminating restrictions on commodities in high demand in order to encourage that abundance. We have made large wheat allotments to make sure of an adequate supply. We

have announced there will be no cotton quotas next year, eliminating restrictions of any kind. Orders have been issued allocating cotton exports to protect our domestic supply. The President has signed a proclamation to permit importation of an additional 7,500,000 pounds of extra long staple (Egyptian type) cotton. We want that extra amount beyond visible current needs as an anti-inflationary influence; and we want to maintain our safe reserves as a vital safeguard against the hazards of weather producing a bad crop year.

In fairness to the farmer, can we expect him to bear the full burden of protecting the rest of the economy against inflation by producing to the extent it drives his own returns below a fair level?

Industry doesn't take such risks in wartime. It asks that its profits be guaranteed. And it often gets such a guarantee in the form of cost-plus contracts.

Farmers have never asked for a "guarantee" of profits. They don't ask it now. But they have every right to ask reasonable protection when they are called upon to act in the Nation's interest rather than their own.

Without such protection, can we be sure of getting the abundant production we need, of the right commodities we need?

The uncertainty of the Nation's future needs in such times as these makes all the more uncertain the farmer's gamble in answering the call to abundant production, and makes the need greater rather than less for adequate price protection.

We must see that agriculture has that assurance.

Yet in these times calling for high-scale efficient use of all our resources, we must make certain that neither land nor human resources are wasted in production of commodities for which there is weak demand whenever they can be diverted

to production of other commodities in which we face short supply. Such a situation requires thinking about price support in terms of commodities most needed, and more definitely linked to conservation of our productive resources to protect us for the future.

Limiting price support to certain so-called basic commodities is not the answer. We need the assurance of support for products like meat, milk, and eggs. We know from experience these periods of high purchasing power bring increasing consumer demand for such perishables and we know, too, that production of those foods contributes to conservation rather than depletion of soil resources.

In these times of an urgent need for abundance of food in the market place, we must certainly search for some better device for support of such perishable food products than those which take food away from the consumers and divert it to uneconomical and sometimes wasteful uses, such as we have witnessed with potatoes.

We want our abundance of such food to reach the family table where it is needed, not piled up in warehouses. Perishables just cannot be kept safely in reserve as we have done so successfully with the storable commodities.

We need a different method of supporting perishables even in normal times, but we need it all the more in times like the present. Any waste or destruction of food is a useless drain upon our resources that just doesn't make good sense.

The present price support program has many excellent features. It has contributed to building the agricultural strength we now have to face the emergency period ahead. I do not advocate discarding the present program where it is working satisfactorily-- but I most certainly do urge that it be improved



where it is weak, and expanded to cover effectively the important perishable commodities which bring in the greater part of total farm income.

Please realize that I am merely trying to be realistic in discussing basic principles of farm policy. I am not endeavoring to use this forum to argue the merits of the Department of Agriculture's recommendations for improving the price support program. Now is neither the time nor place to discuss those recommendations, against the political background some critics have deliberately woven about them.

I have said repeatedly and I say once again: I would be perfectly satisfied to have the present circumstances studied and assessed without reference to the recommendations that have been made in the past. But I do insist that we must keep on trying to improve our farm program so that it meets our actual needs--in peace or in war.

In saying this, I hope you will not misunderstand me. In my opinion, the recommendations made by the Department are even more pertinent than ever. I believe in them fully. I sincerely regret the lack of objectivity, so badly needed on questions of such tremendous importance, with which they have been approached by some people. As a result we still lack an effective method of supporting the price of hogs. But I do not wish to use the present situation or wave the flag as an argument for my past position. I simply suggest that we think constructively about our present needs, and what we should do now.

As matters now stand, we are in need of a program which solidly protects farm prices in case of a sudden slackening of demand. We are in need of a program that puts an abundance of milk, eggs, and other perishables in the hands of consumers at attractive prices. We are in need of a program that is

able to bring about efficiently the production adjustments that may be required.

We need these improvements in our farm price programs not only for the present period, but for the future. They are as important to agricultural stability in time of peace as time of war or threat of war.

And they emphasize my earlier point that there need be no conflict between farm policy for preparedness, and farm policy for peacetime.

We must not lose sight of the long-range future. The present trend won't last forever. We know from the tragic past what happened to the economy of the entire country when farm prices collapsed after World War I. We successfully avoided such a drastic plunge into depression after World War II. Yet farmers and business dependent upon farmers were feeling the harsh impact of downward sliding farm prices up to the early part of this year. Even though declines were greatly eased by the existing farm support program, the rate at which farm income was falling should have been ample warning that farmers -- and the Nation's economy -- needs even better protection for the future. The trends since Korea have not overcome much of the drop in farm income that has occurred in the last two years.

We can't be blinded by temporarily increased demand, induced by war and the threat of war. We must build more solidly than that. We need the foresight to look ahead and plan ahead, to avoid the pitfalls of the past.

Our long-term goals for agriculture are not at variance with the needs of the present. Instead, they are entirely consistent with our immediate objectives to bolster security of our Nation.

What are those long-term objectives, the historic goals of American agriculture in its struggle for progress?

They include farm price and farm income stabilization, to assure the justice of fair returns to diligent farmers, to achieve more equality of opportunity for agriculture and in agriculture, and to prevent depression in the rest of our economy.

They include raising the level of income and living standard for our great numbers of low income farmers, both through providing more productive opportunities for some in non-farm vocations, and increasing the opportunity for the remainder to farm more efficiently.

They include safeguarding the traditional family-farm principle, as a valuable American institution.

They include conservation of our land and water resources, which in turn is strongly influenced by each of the previous three objectives.

All of these long-term goals we seek fit well into the pattern of our immediate needs.

We have discussed principally price stabilization, and emphasized its contribution to strength in our economy in either peace or war.

But the other objectives can equally well serve us in this time of preparedness.

The underemployed in the low-income bracket of agriculture offer a new pool of manpower resources that may well be necessary for our defense industries. When we stepped up defense production at the outbreak of World War II, we had a manpower reserve to call upon from the ranks of unemployed. But in our present situation of already existing full employment, industry may be looking to rural America for new sources of labor. Fortunately, the total volume of farm manpower agriculture may need to perform adequately its own productive role may be somewhat less than during the last war, thanks to increased mechanization.



And most certainly perpetuation of the family farm is a goal which calls for more rather than less emphasis in a time when Democracy itself is on trial. It is an example to the world of Democracy's answer to collectivism as a means of land reform. Even under the impact of preparedness, we must never let the social value of family farm living in this country be sacrificed in the false name of mass "efficiency", so often used in an attempt to justify extension of industrialized farming operations. Family farming is a solid bulwark of democracy. The family farm occupies an important role in our economy today. But it occupies an even more important role in our continuing struggle to preserve human freedom. Some people fail to appreciate that importance. I have been criticized for insisting upon recognizing in our farm legislation that the family-farm is a great American institution that must be protected and preserved. It is too bad that some of the people giving lip service to preserving freedom and advancing agriculture are still willing to stand idly by when the family farmer gets pushed around.

But to get back to the fourth and last of our long-range objectives--

Few would question the necessity of continuing emphasis upon conservation in time of possible war as well as in time of peace. We know for the Nation's future security we must maintain safeguards against recklessly mining the soil under the pressure of present demand.

These, then, are dual objectives of the present and the future. They are goals for agriculture to keep in sight, whether in peace or war.

If the threat confronting our nation was a one-shot, all-out pitched battle to a showdown, we might be tempted to push aside our foresight for the future and think only of the immediate problems at hand.

But our preparedness is not any short haul. It's going to be a long, long pull. The end is beyond our present sight.

For that reason, if no other, it becomes imperative, in the Nation's interest, for agriculture to gear its policy for the immediate present to the greatest extent possible with policy for long-term goals of the unknown future ahead.

I have full faith in the ability and resourcefulness of American agriculture to meet this challenge.

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THE EQUALITY YOU DESERVE

Talk by Secretary of Agriculture Charles F. Brannan at California Grange meeting, San Bernardino, Calif., 5:00 p.m., PST, Friday, October 20, 1950.

- - -

I'm glad to be back in California, and particularly glad to be seeing again my friends in the California State Grange. It is my first chance to get back to your great agricultural state since I addressed your National Grange Convention in Sacramento.

But before that time I had the opportunity of a frank and sincere exchange of ideas with your State Grange executive committee, and since then I have had the benefit of the continuing counsel of your very able State Grange Master, George Sehlmeier. I'm always glad to hear from him, or have him call at my office to discuss the serious problems with which we are all concerned.

I like the progressive spirit of the California Grange. You have shown many times you are willing to fight for what you believe is right. I like that. That is the only way we have ever been able to make any real progress for agriculture. That is the only way we can continue to progress toward the Grange's historic goals of greater equality for agriculture, and preservation of the family-type farm.

California's agriculture is vitally important to the entire nation. You are one of the leading farm states of the union. And agriculture is certainly basic to the economic health of California. Your two-billion dollar farm income accounts for about 15 percent of your state's total income. That cash income maintains the two million of your citizens who live on or near farms. But it also reaches much further. It gives indirect employment all over your state. It supports a great segment of your business economy.

Fortunately, your state's agriculture is perhaps the most widely diversified in the nation. You produce over 40 crops that are worth more than two million dollars annually apiece. That diversification has often kept all of your farmers from getting it in the neck at the same time, when markets collapsed from forces beyond their control.

Yet it didn't do much good when the bottom fell out from under everything in 1932. Instead of two billion, your farm income that year was only four <sup>hundred</sup> million. I don't think I need remind you of those tragic days of widespread human suffering and farm mortgage foreclosures that we must never let happen again.

We managed to avert such a drastic collapse after World War II, through the foresight of our farm price support programs. Yet you were beginning to feel the pinch of falling farm prices and falling farm income throughout 1949 and the first part of 1950. Our protection was still not adequate--and not equal to all.

California's cash income from farm marketings fell off more than 137 million dollars last year. That's too significant to brush aside. It meant wiping out the margin of profit for many of you. It meant a business slow-down and less employment in your cities.

That was a warning we all must heed. It should have emphasized to your city residents the significance of farm income to your state's entire economy. If California could obtain a new industry providing a 137 million dollar annual payroll, there would be great jubilation over its contribution to your prosperity. Yet too many were willing to stand by idly while that same amount was wiped out of the farmers' purchasing power.

I am not content to see that happen, in California or in any other state. The income decline in California agriculture during 1949 dropped you from first place to second among farm-income producing states of the union, trailing slightly behind Texas.

It wasn't because you didn't work just as hard. It wasn't because you produced less. It wasn't because you marketed any less efficiently than farmers

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in other states.

But your drop from first place in the Nation's agriculture was, to a great extent, because too many of your commodities didn't have the benefit of price support shared by others.

We might disagree on a lot of things, but I am sure there is one upon which we can agree: All American farmers are entitled to equal treatment in farm legislation.

By law, certain specified commodities are now designated in a preferred position as "basic," For them, price support is mandatory. All other commodities are established by law as "non-basic." For them, prices may or may not be supported, depending upon a lot of factors including available funds and the availability of a practical, workable method of support.

Out of California's total value of farm production, only about \$272 million or less than 14 percent came from the so-called basic crops of cotton, wheat, corn, and rice last year.

Please do not misunderstand me. I do not underestimate the importance of any of the commodities now designated as basic, nor do I mean to imply that they are not entitled to support. Price support programs on these commodities have served the public interest well, and continue to do so. But in all fairness, other farmers are entitled to equal protection.

It's not just California's problem. For the Nation as a whole, the presently designated basic commodities produce only about 25 percent of our farm income, with the remaining 75 percent coming from nonbasics. Can there be any doubt that the present "basic" concept is lopsided?

Because production of nonbasic commodities is so prevalent in California, this State is a good example of why the laws need strengthening.

I'm not going to inject politics or personalities into this talk today, but I certainly hope you send an aggressive, farmer-minded Senator and farmer-minded Congressman back to Washington to help lead that fight for greater equality in our

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agricultural legislation. If California's two million farm people want that kind of equality, they are going to have to make themselves heard at the polls.

To the extent existing law permits, we have tried to eliminate discrimination against California's nonbasic commodities through administrative action. We are supporting barley and beans and other commodities grown here upon which support is not mandatory. We have endeavored to aid your prune growers, walnut growers, almond growers, and grape growers to the greatest extent possible through use of Section 32 funds. Through the 1949 purchase programs for pears, apples, plums and other fruits for school lunch and institutional and welfare purposes, we have recognized California's distinctive position as a specialty crop state. We have endeavored in every way possible to give California producers a fair deal, and I am sure we have at least partially overcome the discrimination of the "basic" concept.

Yet as long as that distinction is maintained between commodities on the statute books, some farmers are in a more favored position than others.

Of course, the real stumbling block to adequate support for most of California's specialty crops has been lack of an adequate method of support that is practical and workable for protection of perishable, nonstorable commodities.

It is not my purpose nor intent to talk at any length today about the Department of Agriculture's recommendations for improving the price support program.

Perhaps you may recall what I told your national convention at Sacramento last year. I emphasized that you people, as farmers and citizens, have the obligation to consider all proposals on the question of farm price supports, fully -- with as little bias as possible -- and then to make up your minds on the fundamental issues involved, rather than on the basis of political beliefs, or of what somebody else thinks, or of epithets. All I asked was that you be realistic in facing your problems, and objective in considering ways to meet them.

I still feel that way. As far as I am concerned, I would be perfectly

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satisfied to have the present circumstances studied and assessed without reference to the recommendations that have been made in the past. But I do insist that we must keep on trying to improve our farm program so that it meets our actual needs--in peace or in war.

In saying this, I hope you will not misunderstand me. There has been too much confusion about the so-called Brannan Plan already. In my opinion, the recommendations made by the Department of Agriculture at the request of Congress are even more pertinent now than ever. I believe in them fully. I sincerely regret the lack of objectivity, so badly needed on questions of such tremendous importance, with which they have been approached by some people. I am glad your State Grange has been more realistic.

But I do not wish to use the present situation confronting our country, or wave the flag, as an argument for my past position. I simply suggest that we think constructively about our present needs, and what we should do now.

Much has happened in this troubled world since I last talked to many of you at your national convention.

Once again war and the threat of war hangs grimly over our Nation.

We cannot realistically discuss agriculture under the circumstances existing today without recognizing the impact of that threat upon farming, even though it has not materially changed the major problems confronting agriculture.

Farm people--and the American people generally--do not want war. They never have wanted war. We are not a militarist or conquest-minded people. We are vigorously opposed to war, but not from fear of its tragic and wasteful human toll, nor of the self-discipline and personal sacrifice war requires. We are opposed to it rather because of our fundamental belief in the wrongness of war as a way of achieving man's purposes, and a deep-rooted conviction born out of history that wars create more problems than they solve.

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Let there be no misunderstanding, however, about our ardent desire for peace--whether among farm people, or our urban population. There is definitely a price we are not willing to pay to avoid war. That price is the loss of the human liberties which we hold dear as mankind's rightful heritage.

We may be confronted with that price, if the ruthless tyranny of communism is permitted to further extend its grasping tentacles.

We have courageously committed ourselves to meet that challenge head-on, knowing full well the sacrifices it may entail. From that determined stand we shall not waver.

That is the crucial situation existing in the world today, as a result of forces beyond our own control. And that is the background from which we must look at agriculture's role for the future, whether it be in peace or war.

For agriculture as well as for any other segment of our national life, no sacrifices will be too great--as long as they actually serve the best interest of the Nation's strength and security. In these times, the Nation's interest--not the individuals--must be our measuring rod.

Yet preparedness doesn't necessarily mean sacrificing all progress toward improving our domestic economy. Preparedness means more than just guns and tanks and planes. A healthy economy itself is a great part of our national strength. Our economic strength is the real backbone of our military strength. We must keep our economy strong. And we've certainly learned from costly experience that we can't long maintain a strong economy without strength and stability in agriculture.

Rather than give any reason to turn our backs even temporarily on efforts to strengthen our entire economy and improve the stability of agriculture, the Nation's call to preparedness should give us all new incentive to build even more rapidly toward a stronger, sturdier Democracy that can and will withstand any challenge.

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Agricultural strength is one of the fundamentals upon which the vitality of our whole economy rests. Without raw materials from the farms, much of our industry would be crippled; a large part of our labor force would be idle.

As well as providing much of the materials for industry, agriculture provides much of the markets for industry. And as progress in American agriculture has brought with it increasingly higher levels for rural standards of living, it has brought a parallel increase in demand for the products of American industry.

But agriculture has made and is still making more than material contributions to our economy and our national strength. It makes a moral contribution, too. Ever since the founding of our Nation, people who owned and tilled their own soil have contributed a strong, stabilizing moral influence upon our national life. Such landowners are still a solid bulwark of democracy, a safeguard against the inroads of communism in our own land. Family farmers particularly represent the traditional, American, democratic pattern.

As important as these material and moral contributions of agriculture have been to the growth and progress of our Nation in the past, they are even more vital to the basic strength of our Nation in changing times like the present.

In times of peace, we have learned we need the influence of a stable and prosperous agriculture for full employment and steady markets in industry, for the assurance of adequate food supplies for the nutritional health of our Nation, and for the moral backing of Democracy's free enterprise system as opposed to collectivism in any form -- including monopoly.

In times of national peril, we need above all reliable assurance of abundant production adequate to meet both military and civilian needs, however suddenly those needs may change. And to have that assurance means maintaining our agricultural economy in a strong enough position to be able to adjust and adapt itself quickly to any changing requirements the future may bring.

In peace or war, therefore, the strength and stability of agriculture is an essential national asset.

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In critical times like the present, when we are neither fully at peace nor fully at war, it appears prudent to take careful stock of our agricultural situation and make sure of its ability to meet either course the future may bring.

Where do we stand today?

Our current supplies of farm products are heavy. Our productive power is the greatest in history.

Our food production this year is about 38 percent higher than the average for the years just preceding the recent war, and about the same as in our recent years of record and near-record production. Our field crop production looks like it will be bigger than in any year prior to 1946. We expect another billion-bushel wheat crop -- and we have at least 400 million bushels in reserve from last year's production.

Our total supply of livestock feed for the coming year will be nearly as large, in bushels and per animal, as the record supplies of the 1949-50 season. This means we have the feed to continue or even expand our large livestock production.

Perhaps we fail to appreciate fully the progress we have already made in food production. Last year's beef production was 46 percent higher than the 1935-39 average. Corn production was up 46 percent -- hogs, 50 percent -- wheat, 51 percent -- eggs, 55 percent -- and chickens, 75 percent.

Yet as big as our production is now, we can boost it a good deal higher if we should have to, assuming a fair break from the weather and adequate materials for production. American farmers have the know-how that it takes.



Research has been steadily producing better plant varieties, new hybrid seeds, improved bug and weed killers, and more efficient uses of fertilizer.

And American farmers have been plowing back into their business the gains of relative prosperity, making farming more highly efficient. We have more farm machinery, and more efficient farm machinery, than ever before. There are about twice as many tractors on farms now as there were at the time of Pearl Harbor. And we have more electric power on the farm.

Even allowing for increases in military food requirements, we expect to have ample food so that civilians can continue consuming as much as in the past two years.

Of course to assure that abundance, we must keep the necessary tools of production flowing to the farm. The Nation must not underestimate the importance of keeping enough equipment and supplies available for farmers -- and for the industries supplying farmers.

Mechanized farming has brought us tremendous progress in production. But our vast productive power, as a result, depends more than ever before upon machinery, fuel, rubber, chemical, and skilled personnel.

Not only the Department of Agriculture but other responsible Government agencies as well fully realize that farmers can't operate without tools and supplies.

We're watching the whole farm equipment and supply situation very closely. We've wasted no time in providing the means through which the legitimate needs of farmers and industries supplying farmers will be aggressively protected.

Within our Production and Marketing Administration, we have already established an Office of Materials and Facilities and an Office of Requirements and Allocations to help with the immediate food phases of the defense effort. I believe it both fortunate and wise that we can take advantage of the already existing framework of the PMA for these essential new purposes, due to PMA's direct link with the farmers through its democratically-elected farmer-committee system.



The Office of Materials and Facilities will act as claimant for farmers and food processors and producers of farm equipment to make sure they get the essential materials they need. It is already a going concern, with units set up to deal with fertilizer, insecticides, chemicals, containers of all types needed for farm marketing, farm machinery, rubber and tires, petroleum and other fuels.

The Office of Requirements and Allocations will be responsible for integrating the demand for farm products. It is the job of that office to find out how much food we need, how much we've got, and to balance off requirements of civilian, military, ECA, and other outlets in view of available supplies. That office will provide the guide for balancing our food supply, making full use of the already existing commodity branches of PMA to move out for higher production wherever and whenever it is required.

Let me make it clear that the full facilities of all branches of PMA and all other Bureaus of the Department will be utilized to achieve our preparedness objectives, the new offices acting as clearing houses or coordinating bodies rather than replacing any existing action agencies or programs. Full use will be made of our farmer-committee system for translating decisions at the administrative level into action in the field and on the farm, and for bringing to the Government facts from the country that are essential in making national plans.

I am confident that with such support and guidance, agriculture can fully meet its immediate responsibility -- making mighty sure we have enough food for all needs. There's really more involved than just meeting the additional military requirements to feed our fighting forces. A continuing abundance of food for civilians is a powerful weapon against inflation -- and our best means of staving off as long as possible the necessity for price controls and rationing.

Such controls, of course, may become necessary, unwelcome as they are in our American way of life. Only by continued abundance of food production adequate to meet an increasing consumer demand can they be avoided or postponed.

People are already eating more than prewar, and there are more people. Our population last year was about 15 percent larger than in 1935 -- and that larger population ate on the average about 11 percent more food per person than in the prewar years.

Consumption always increases at a more rapid rate in times of full employment and high purchasing power, such as the gearing up of our defense industries to full production will create. Our BAE estimates that consumption may increase 2 to 3 percent by next February, as a result of record high employment and the probability of more purchasing power being concentrated on food. As more industry is diverted to defense, there will be less durable goods bidding for the consumer's dollar. The result will be more of that dollar available to buy food, with resultant inflationary pressure on prices unless we can maintain a safe abundance even beyond actual requirements.

Let's consider for a moment the effect the Korean situation has already had on food prices, and other prices.

The first reaction was a desire on the part of many consumers and some industry to hoard or expand inventories, a desire completely unjustified on the basis of available supplies. There were some instances of retailers raising markups on inventories without any further justification than the hope of establishing a case for higher price ceilings in event such ceilings were immediately invoked. Meat was already undergoing a seasonal price rise in June, normally a low period of slaughter.

These three factors combined to account for much of the advance of food prices.

One thing the public should understand: With the possible exception of some meats, farm prices of food commodities are all still below legal ceiling levels -- that is, below parity or below prices that prevailed during the 30 days preceding June 24.

For that reason, to establish ceilings right now would have little or no effect on food prices.

Some people argue against price supports for farmers in periods of high demand, such as now in prospect, at the same time we are trying to safeguard consumers against inflationary food prices. They are wrong. Abundant production is the best answer to rising food prices. And either lack of incentive or fear of producing abundantly could result in shorter supplies that would make food prices really skyrocket upward.

In the Nation's interest, we are asking farmers to produce even beyond the amounts they know they could sell at profitable prices. In fairness to the farmer, can we expect him to bear the full burden of protecting the rest of the economy against inflation by producing to the extent it drives his own returns below a fair level?

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Industry doesn't take such risks in wartime. It asks that its profits be guaranteed. And it often gets such a guarantee in the form of cost-plus contracts.

Farmers have never asked for a "guarantee" of profits. They don't ask it now. But they have every right to ask reasonable protection when they are called upon to act in the Nation's interests rather than their own.

The uncertainty of the Nation's future needs in such times as these makes all the more uncertain the farmer's gamble in answering the call to abundant production, and makes the need greater rather than less for adequate price protection.

We must see that agriculture has that assurance.

Yet in these times calling for high-scale efficient use of all our resources, we must make certain that neither land nor human resources are wasted in production of commodities for which there is weak demand whenever they can be diverted to production of other commodities in which we face short supply. Such a situation requires thinking about price support for commodities most needed, and more definitely linked to conservation of our productive resources to protect us for the future.

Limiting price support to certain so-called basic commodities is certainly not the answer. We need assurance of support for products like meat, milk, eggs, and fruits and vegetables. We know from experience these periods of high purchasing power bring increasing consumer demand for such perishables. And we know, too, that production of most of those perishable foods contributes to conservation rather than depletion of soil resources.

In these times of an urgent need for abundance of food in the market place, we must certainly search for some better device for support of such perishable food products than those which take food away from the consumers and divert it to uneconomical and sometimes wasteful uses, such as we have witnessed with potatoes.

We want our abundance of such food to reach the family table where it is needed, not pile up in warehouses. Perishables just cannot be kept safely in reserve as we have done so successfully with the storable commodities.

We need a different method of supporting perishables even in normal times, but we need it all the more in times like the present. Any waste or destruction of food is a useless drain upon our resources that just doesn't make good sense. And California farmers certainly need a new method of support that will work more effectively for the type of specialty crops they produce so abundantly, if they are ever going to achieve the equality they deserve under our farm legislation.

We need these improvements in our farm price programs not only for the present period but for the future. They are as important to agricultural stability in time of peace as in time of war or threat of war. And they emphasize my earlier point that there need be no conflict between farm policy for preparedness and farm policy for peacetime.

We must not lose sight of the long-range future. The present trend won't last forever. We know from the tragic past what happens to the economy of the entire country when farm prices collapse. Even the trends since Korea have not overcome much of the drop in farm income that has occurred in the last two years.

We can't be blinded by temporarily increased demand, induced by war and the threat of war. We must build more solidly than that. We need the foresight to look ahead and plan ahead, to avoid the pitfalls of the past.

We must keep our eyes on our long-term goals for agriculture. They are not at variance with the needs of the present. Instead, they are entirely consistent with our immediate objectives to bolster security of our Nation.

What are those long-term objectives, the historic goals of American agriculture in its struggle for progress?

They include farm price and farm income stabilization, to assure the justice of fair returns to diligent farmers, to achieve more equality of opportunity for agriculture and in agriculture, and to prevent depression in the rest of our economy.

They include raising the level of income and living standard for our great numbers of low-income farmers, both through providing more productive opportunities for some in non-farm vocations, and increasing the opportunity for the remainder to farm more efficiently.

They include safeguarding the traditional family-farm principle, as a valuable American institution.

They include conservation of our land and water resources, which in turn is strongly influenced by each of the previous three objectives.

Those have been the historic goals of your Grange, and of all American agriculture. They are my goals as well.

In continuing to push for what I feel is a more adequate farm program despite considerable personal abuse, I am only heeding what I feel was the sound advice of a National Grange Master more than a half-century ago.

J. H. Brigham, as national master, addressed the 29th annual convention of the Grange at Worcester, Massachusetts, way back in 1895 on the topic, "The Secretary of Agriculture: What He Should Be and What He Should Not Be". He left this warning for future Secretaries, and I quote:

"He most emphatically should not be a man who would remain silent or acquiesce in any proposed legislation that would be unjust to agriculture...nor a man who will hesitate to demand rights, privileges and advantages for farmers equal to those enjoyed by other classes...." That is the end of the quote.

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All of these long-term goals we seek fit well into the pattern of our immediate needs.

We have discussed principally price stabilization, and emphasized its contribution to strength in our economy in either peace or war. But the other objectives can equally well serve us in this time of preparedness.

The underemployed in the low-income bracket of agriculture offer a pool of manpower resources that may again be drawn upon for our defense industries. When we stepped up defense production at the outbreak of World War II, we had a manpower reserve to call upon from the ranks of unemployed. But in our present situation of already existing full employment, industry may again be looking to rural America for new sources of labor. Fortunately, the total volume of farm manpower agriculture needs to perform adequately its own productive role may be somewhat less than during the last war, thanks to increased mechanization.

And most certainly perpetuation of the family farm is a goal which calls for more rather than less emphasis in a time when democracy itself is on trial. It is an example to the world of democracy's answer to collectivism as a means of land reform.

Some people don't like it, but you can always count me on the side of the family farmer--the "little fellow." It's more than just a matter of sympathetic interest and justice. I'm firmly convinced of the underlying importance of the family-farm system in our national life. Family farming is a solid bulwark of democracy. The family farm occupies an important role in our economy today. But it occupies an even more important role in our continuing struggle to preserve human freedom.

It's too bad so many people giving lip-service to preservation of freedom

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are willing to stand by with unconcern while the "little fellow" on the family farm gets pushed around. Some of them even join in the pushing. As long as I am Secretary of Agriculture, you can always count on my voice being raised against the family farmer getting the raw end of the deal.

But let's get back to the fourth and last of our basic, long-range objectives:

Few would question the necessity of continuing emphasis upon conservation in time of possible war as well as in time of peace. We know for the Nation's future we must maintain safeguards against recklessly mining the soil under the pressure of present demand.

These, then, are dual objectives of the present and the future. They are goals for agriculture to keep in sight, whether in peace or war. They are your goals and mine.

If the threat confronting our nation was a one-shot, all-out pitched battle to a showdown, we might be tempted to push aside our foresight for the future and think only of the immediate problems at hand.

But our preparedness is not any short haul. It's going to be a long, long pull. The end is beyond our present sight.

For that reason, if no other, it becomes imperative in the Nation's interest to keep looking ahead. Agriculture must gear its policy for the immediate present, to the greatest extent possible, with policy for the long-term goals of the unknown future ahead.

Only by such a course can farmers achieve the equality they deserve.

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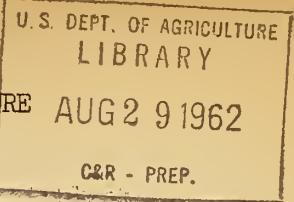
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UNITED STATES DEPARTMENT OF AGRICULTURE  
Office of the Secretary



Oct. 30, 1950 AGRICULTURE AND NATIONAL DEFENSE

Talk by Secretary of Agriculture Charles F. Brannan at Outlook Conference, U. S. Department of Agriculture, Washington, D.C., Monday, October 30, 1950; 10:15 a.m. EST.

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I'm glad to be with you again at the annual Outlook Conference. I thoroughly believe in the importance of your contribution to agriculture's progress -- and to our mutual end objective, better farm family living.

Changing times and changing conditions always call for careful appraisal of circumstances confronting us before charting our course. That is true whether we are concerned with individual planting plans on the farm level, or with questions of legislative and administrative policy on the national level.

We must know the facts if we are to act intelligently.

Facts are the very heart of outlook work in agriculture, through which advice of economic experts is made available to the farmer in one of our greatest undertakings in the field of adult education.

But it isn't only the farmer who relies upon outlook information as a reliable guide. We must depend upon it in the administrative field as well. We have decisions to make that can only be made on the basis of known existing facts, and the best available assumptions. That is far more true today than it was when these outlook conferences originated. Then we studied economic forces affecting agriculture as a guide to what lay ahead, but we didn't attempt to do much toward harnessing those forces for agriculture's benefit. Today it is an accepted responsibility of government to endeavor to protect agriculture against adverse workings of economic forces. It is therefore imperative that we keep well-informed on all economic trends.

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Your work has always been important. But under circumstances now confronting our country, it is more important than ever. More than the farmer's welfare is at stake. The Nation's very security is involved in agriculture's outlook for the year ahead.

We are entering a period of determined mobilization to strengthen our defenses against whatever threat the future may hold. It is not a course we have willingly chosen. But we recognize it as a course of necessity, forced upon us by communist aggression. We are convinced that to be secure, we must be strong. To have military strength, we need economic strength. In fact, economic strength is basic to almost anything we want to do. Agriculture is a vital part of our potential strength. We've certainly learned from experience that we can't long maintain a strong economy without strength and stability in agriculture.

As long as the need for preparedness exists, the Nation's defense effort must come first in our minds and our hearts -- for agriculture as well as for any other segment of our economy. Therefore it is agriculture's role in our defense effort which I wish to discuss today.

What is the maximum contribution agriculture can provide to the Nation's mobilization? That is the question that should be foremost in our minds.

The answer is simple -- production.

Agriculture's present challenge is a call for abundant production, both for the physical and economic needs of the Nation.

That means enough of the right kinds of food and other farm products to fill every need at reasonable prices.

We must produce enough to supply the 150 million people who form the Nation's civilian population with all they want to eat, and enough more to carry at the same time a safe margin in strategic reserves. We know from

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experience that people consume more food per capita in periods of full employment and high purchasing power such as the defense effort will create. And we know, too, that the increased demand is greatest for such products as meat and milk, fruits and vegetables. The outlook reports you will be studying throughout this conference reflect this prospect of increased demand. We must set our sights to meet that increased demand.

In addition to meeting greater civilian needs, we have the simultaneous obligation to feed the Nation's growing military forces, and feed them well.

But even that doesn't end agriculture's obligation.

We must produce enough to back up the Nation's foreign policy by continuing to share our abundance to the fullest possible extent with friendly foreign countries in need of help.

These production needs place a heavy responsibility on farmers and farm people. But we cannot afford to aim at anything else. If we accept any lower goal in supplies, we will be opening the way for inflation to send feed, food, and fiber prices higher and higher. A continuing abundance of food for civilians is a powerful weapon against inflation -- and our best means of staving off as long as possible the necessity for price controls and rationing.

Fortunately, we are in a good position to handle that task.

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Our current supplies of farm products are heavy. Our productive power is the greatest in history.

Our food production this year is about 38 percent higher than the average for the years just preceding the recent war, and about the same as in our recent years of record and near-record production. Our field crop production is bigger than in any year prior to 1946. Our total supply of livestock feed for the coming year will be nearly as large, in bushels and per animal, as the record supplies of the 1949-50 season.

Your outlook reports will review this production situation in more detail, but it bears emphasis. Perhaps we fail to appreciate fully the progress we have already made in food production. Last year's beef production was 36 percent higher than the 1935-39 average. Corn production was up 46 percent -- hog production, up 50 percent -- wheat, up 51 percent -- eggs, up 55 percent -- and chickens, up 75 percent.

In view of such records, it might seem like asking the impossible to ask for even more. Yet as big as our production is now, I believe American farmers can boost it a good deal higher if they should have to, assuming a fair break from the weather, and adequate materials for production.

American farmers have the know-how that it takes.

They have been plowing back into their business the gains of relative prosperity, making farming more highly efficient than ever before. We have more farm machinery, and more efficient farm machinery. There are more than twice as many tractors on farms now as there were at the time of Pearl Harbor. And we have more electric power on the farm.

Research has been steadily producing better plant varieties, new hybrid seeds, improved bug and weed killers, and more efficient uses of fertilizer.

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We're in good shape. Even allowing for increases in military food requirements, we expect to have ample food in the year ahead so that civilians can actually eat better than during the past two years. We expect per capita food consumption to increase -- possibly by 2 to 3 percent.

Our superb food production rules out any need at this time for drastic food controls. The family market basket can still be filled at prices lower than the lowest ceilings that could be put on under the Defense Production Act.

Whether or not we can keep it that way through the next 12 months will determine the extent to which we must be faced with controls to prevent food price inflation.

We're gearing the Department of Agriculture's policies to that goal of abundant production.

We have established an Office of Materials and Facilities to act as claimant for farmers and food processors and producers of farm equipment to make sure they get the essential materials they need.

We have established an Office of Requirements and Allocations to be responsible for integrating the demand for farm products -- to find out how much food we need, how much we've got, and to balance off requirements of civilian, military, ECA, and other outlets in view of available supplies.

We have taken advantage of the already existing framework of the PMA in setting up the machinery for these essential new purposes. But let me make it clear that not only the full facilities of all branches of PMA but also all other Bureaus of the Department will be utilized to achieve our preparedness objectives -- the new Offices acting as clearing houses or coordinating bodies rather than replacing any existing agencies. And full use will be made of our farmer-committee system for translating decisions at the administrative level into action in the field.

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Just how does all this apply to the farmer? What do we actually propose doing to assist him in achieving the abundant production we are calling for?

Let's fully understand our immediate objective. I think it can be broadly stated in these terms: We must eliminate or at least minimize whatever stands in the way of agriculture's producing sufficiently to check inflationary pressure from any food shortages.

We've talked about the vast production potential of American agriculture. What could stand in the way of achieving our objective of preventing food price inflation through abundant production? Let me name a few of the obstacles that could obstruct our path:

1. The hazard of bad crop weather.
2. An extreme upward swing in demand beyond what is now foreseeable, and too excessive to be coped with by abundant production alone.
3. Lack of essential materials, equipment, or manpower.
4. Failure to anticipate our needs, so as to produce the right amounts of the right commodities.
5. Fear that producing in abundance may bring a disastrous market collapse if the heavy demand now in sight suddenly ceased to exist.

Any one of those five factors might prove a stumbling block to agriculture's role of curbing inflation through abundant production. We must keep a watchful eye on them all.

Of course, we can't do much about the weather. It's a natural hazard that's always with us -- or against us. But we can do much to minimize its constant threat by maintaining safe reserves of feed, food, and fiber. Under present conditions we appreciate more than ever our stocks of the storable farm

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commodities, stocks which are now acclaimed as valuable reserves. This situation may lead to some changed thinking about the adequacy of reserves in the future.

The government can and is erecting safeguards against excessive demand by siphoning off some of the increased buying power through curbs on credit and increased taxation. Such measures should and will lessen total buying power for all purposes, easing the inflationary pressures.

Keeping the necessary tools of production flowing to the farm is of perhaps most immediate concern to our farmers. Mechanized farming has brought us tremendous progress in production. But our vast productive power, as a result, depends more than ever before upon machinery, fuel, rubber, chemicals, and skilled personnel. The Nation must not underestimate the importance of keeping enough equipment and supplies available for farmers -- and for the industries supplying farmers.

We're watching the whole farm equipment and supply situation very closely. While we are aggressively seeking to eliminate the possibility of shortages, we must be realistic. We may have to work with shortages. Our first job then will be to make the best uses out of materials and supplies available.

At the present time, if no drastic changes occur in current production plans, it appears as though we shall have enough fertilizer, enough insecticides, enough farm machinery and parts, and enough rubber and tires to meet the actual needs of farmers for at least the year ahead.

We're going to do our best to have them available where they are needed most, when they are needed most.

That doesn't mean, however, that we're going to be able to guarantee each individual farmer all the fertilizer he wants, or to assure him he can buy any piece of farm equipment he wants whenever he wants it. We couldn't do that without

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complete controls over the farm equipment and supply industries that might hamper rather than help expansion of available materials and supplies.

Our aim must be to provide as best we can for the needs of areas, rather than needs of individuals. From then on, part of the responsibility will be the farmer's own. He would be wise to order early and buy early wherever possible, without buying more than he needs.

We are going to give the farmer the best guidance possible to the total production needs of the Nation. We are going to eliminate acreage and marketing restrictions on commodities in strong demand in order to encourage the abundance needed. We have already made large wheat acreage allotments to make sure of an adequate supply, and there will be no marketing quotas. We have announced there will be no cotton acreage allotments or marketing quotas next year, eliminating restrictions of any kind.

Right now we are thinking in terms of over-all guidance rather than a specific farm crop goals program that endeavors to tell individual farmers what and how much they should produce. Some people have raised the question as to whether or not the Department is expecting flat percentage increases, farm by farm or area by area, on commodities where production increases are needed. I am sure all of you realize we are not. We recognize that the situation now differs as between farms and between areas, and what we actually want is for each farmer to make those increases in production which will best utilize his resources.

For most crops and classes of livestock the current situation as I now judge it can best be met by advising farmers as to the total acreages or level of production which seem desirable, and as to the various positive steps which the Department can take to assist them, including the announcement of the appropriate price supports.

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In this connection workers in the State agricultural colleges, both experiment station workers and Extension workers, can certainly be most helpful in assisting farmers to decide what changes in their particular farming operations are most advantageous, both from their own standpoint and from the standpoint of the national defense program.

It is not advisable for farmers to plow up land which can better or more safely be used as pasture. Nor should farmers endeavor to increase livestock production unless they have or can reasonably expect to get the necessary feed supplies.

None of us knows how long the emergency may last, but I think you will all agree that conservation and balanced farming are equally important in both peacetime and wartime. The emphasis on certain crops and certain practices may shift, but essentially good farming is the only guarantee that farmers can maintain production not only for this year but also for next year and the years following.

I mentioned the influence of price incentive as one of the factors affecting abundant production. Please do not misunderstand me. American farmers have always responded to the Nation's needs by continuing to produce even when it was at a loss to themselves. I am sure they will respond just as willingly now to meet our present needs. But by price incentives I refer particularly to favorable price relationships which are so necessary to bring about desirable adjustments in production. Such price relationships will determine to a great extent whether we get the necessary amounts of the several commodities necessary to stave off inflationary pressures.

In the Nation's interest, farmers may produce even beyond the amounts they know they could sell at profitable prices. We want that extra amount beyond visible current needs as an anti-inflationary influence -- we want enough to meet current demands and maintain safe reserves as a vital safeguard against the hazards of weather and other unforeseeable forces.

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In fairness to the farmer, can we expect him to bear the full burden of protecting the rest of the economy by producing to the extent of driving his own returns below a fair level?

I am sure that farmers are not asking for and do not want, any "guarantee" of profits. But they have every right to ask reasonable protection when they are called upon to act in the Nation's interest rather than their own. Without such protection, can we be sure of getting the abundant production we need, of the right commodities we need?

The uncertainty of the Nation's future needs in such times as these makes all the more uncertain the farmer's gamble in answering the call to abundant production, and makes greater, rather than smaller, the need for adequate price protection.

We must see that agriculture has that assurance.

Yet in these times calling for efficient use of all our resources, we must make certain that neither land nor human resources are wasted in production of commodities for which there is weak demand whenever they can be diverted to production of other commodities in which we face short supply. Such a situation requires thinking about price support in terms of commodities most needed, and more definitely linked to conservation of our productive resources to protect us for the future.

Limiting price support to certain so-called basic commodities is not the answer. We need the assurance of support for products like meat, milk, and eggs. We know from experience these periods of high purchasing power bring increasing consumer demand for such perishables. And we know, too, that production of those foods can contribute to conservation rather than depletion of soil resources.

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Any waste or destruction of food is a useless drain upon our resources that just doesn't make good sense. In these days of an urgent need for abundance of food in the market place, we must certainly search for some better device for support of perishable food products than those which take food away from the consumers and divert it to uneconomical and sometimes wasteful uses, such as we have witnessed with potatoes.

We want our abundance of such food to reach the family table where it is needed, not be piled up in warehouses. Perishables just cannot be kept safely in reserve as we have done so successfully with the storable commodities.

We need a different method of supporting perishables even in normal times, but we need it all the more in times like the present.

Let us be realistic in discussing basic principles of farm policy in the light of present circumstances. I am not arguing the merits of the Department of Agriculture's past recommendations for improving the price support program. I do not wish to use the present situation as an argument for my past position. Unity of effort is now too important to be sidetracked by endless debate clouded by other than constructive purpose. It is my serious desire to contribute toward such unity of effort by simply suggesting that we think constructively about our present needs, and what we should do now.

It seems obvious that while the Nation's call for preparedness has confronted agriculture with some new problems, it has also left many of the problems of the past still with us. Upon some, the urgency for abundance has focused the spotlight of national concern all the brighter; for others, there has been at least a temporary reprieve until the inevitable period of adjustment we know must follow times like the present.

I would be perfectly satisfied to have the present circumstances studied and assessed without reference to the recommendations that have been made in the past. But I do insist that we must keep on trying to improve our farm program so that it meets our actual needs -- in peace or in war. (more)



There need be no conflict between farm policy for preparedness, and farm policy for peacetime. Preparedness doesn't necessarily mean sacrificing progress toward improving our domestic economy. A healthy economy itself is a great part of our national strength.

Rather than hinder agriculture's progress, mobilization may furnish the opportunity and incentive to build a still stronger and more efficient agriculture.

None of our long-term goals for agriculture are at variance with the needs of the present. Instead, they are entirely consistent with our immediate objectives to bolster security of our Nation.

They include farm price and farm income stabilization, to assure the justice of fair returns to diligent farmers, to achieve more equality of opportunity for agriculture and in agriculture, and to prevent depression in the rest of our economy.

They include conservation of our land and water resources.

They include raising the level of income and living standard for our great numbers of low-income farmers, both through providing more productive opportunities for some in nonfarm vocations and through improving the opportunity for the remainder to farm more efficiently.

They include safeguarding the traditional family-farm principle, as a valuable American institution.

We have emphasized the contribution of price stabilization and conservation to strength in our economy in either peace or war. But the other objectives can equally well serve us in this time of preparedness.

Agricultural production is very efficiently conducted in most of our commercial farming areas. But still the average farmer is a low-income farmer with a lower standard of living than is good for the Nation. Half of our farm families in 1948 had total money incomes under \$2,000; one-fourth of them had money incomes under \$1,000. The very existence of so many low-income farm families  
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is itself detrimental to national defense.

The low-income bracket in agriculture offers a reserve of labor resources that is now under-utilized, while other areas of our economy will be experiencing labor shortages.

In the present emergency we cannot afford the waste of under-utilized manpower. The only way the Nation and the individuals concerned can benefit by this manpower resource is through more productive employment. Can we take advantage of this period of scarce manpower to help farmers on the small-scale farms to utilize their labor more effectively -- either on their own farms, or by working on other farms, or in nonfarm employment?

That is another of the challenges offered by this period of world uncertainty that can be turned into opportunity.

There are other lessons this period should emphasize for us all.

American people are greatly disturbed by what is happening in other countries of the world. They realize that a part of the unrest in many countries can be traced to insecure and inequitable land tenure. Under those conditions farm people do not feel that they have a stake in the land, or that they are receiving an equitable share of the produce of the land. This brings to us a greater realization that widespread land ownership, security of tenure, and equitable landlord-tenant arrangements are part of the basic fabric of our democratic institutions.

In this setting, perhaps we need to look for possible improvements in our own situation. Are we setting a good example as a free Nation? How can we make further advances toward the goal of family farm ownership? At present we hear reports of heavy purchasing of farms by nonfarmers, and of rapid increases in land values. These developments tend to make it more difficult for the young men without family assistance to get started in farming. How can we facilitate farm ownership with the present high investment cost for land, buildings, machinery,

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and livestock? What adjustments in rental arrangements are needed to provide security of tenure and equitable sharing of income under present conditions?

Farmers must have a measure of security in their tenure and a feeling of equitable treatment in tenure relations if they are to farm efficiently, conserve the soil, and participate fully in civic, community, and public affairs.

These questions are human problems. Their solution involves economics, but other things too. Economics can and must serve people who are trying to solve their problems. But solution to human problems can't be found in economics alone. All of us have wants that are not entirely economic. Solution to human problems must be concerned with all wants of the people.

All of these problems are your problems as well as mine. And I am sure solving them is your goal just as it is mine.

Our striving for peace and maintenance of our free institutions gives us a stronger realization of the importance of the end values in agriculture.

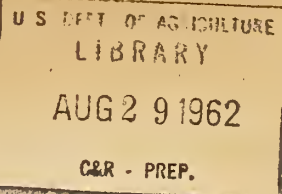
These are centered on our human resources -- the people, as well as the land.

In this country we have come to recognize and accept the need for land conservation. We now need to realize that we're interested in land conservation for human use -- an improved level of living for all the people, farm people included.

Democracy needs firm roots, in the soil, and in the minds of men, for preparedness and for peace.

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UNITED STATES DEPARTMENT OF AGRICULTURE  
Office of the Secretary



HOPE: AN AMERICAN EXPORT

Talk by Secretary of Agriculture Charles F. Brannan at annual meeting of Association of Land-Grant Colleges and Universities, Washington, D.C., Thursday, November 16, 1950, 10:00 a.m., EST.

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It is a privilege for me to take part in another of your annual meetings and to discuss some of the matters that are of mutual concern to us in our joint effort to serve agriculture, the Nation, and the cause of world peace.

A great deal of the work in which we have mutual interest has been long established and continues through the years to merit all the care and attention we can give to it. From time to time we also enter jointly into new undertakings to improve upon the work that is already under way or to meet the challenge of changing conditions.

In accordance with a recommendation of the Joint Committee on Extension Programs, Policies and Goals, annual meetings are now being held between the Secretary of Agriculture and the Executive Committee of this Association. From my standpoint, at least, this is an important development. I am also glad that your Committee on Extension Organization and Policy is continuing to meet regularly with the Director of Extension Work in the Department and with our Department Committee on Extension Relationships.

I am particularly happy with the progress that has been made by committees of State extension and experiment station directors and representatives of the Department in developing plans for an intensified and joint effort to strengthen the Nation through grasslands improvement. Grassland improvement holds great potentialities for improving the diets of our people, improving our soil, increasing the economic opportunities in agriculture, and strengthening our national defense. I assure you that we of the Department will be glad to cooperate with you of the



Land-Grant Colleges and Universities to the extent of our ability in the proposed undertaking.

At your meeting a year ago, I discussed with you some of the promise and some of the problems of the Point IV program which President Truman had proposed.

The beginning of such a program, as you know, has since been authorized by Congress, and the first appropriation has been provided. Fortunately, we have all had considerable experience with the problems involved in technical assistance to other countries. It is vital that we pool our experience and resources in meeting the larger problems that are now before us. Our Joint Committee on Agricultural Services to Foreign Areas has made a good start. I am sure we can all look to it for real leadership and guidance.

All of us, necessarily, have been devoting a great deal of thought to this relatively new work, especially to the real objectives we seek. Obviously, Point IV is not an end in itself but is a part of the over-all effort of the American people to help build world peace.

When I accepted your invitation to speak here, I thought that I might contribute best by discussing agriculture in relation to the building of our national strength. However as I thought more about it, my mind kept turning to the more fundamental question that is constantly in all of our minds: What can we do to achieve world peace?

So, with your leave, I should like to go beyond my scheduled subject and discuss agriculture's part in implementing our desire and determination to build a just and lasting peace.

Let us get into the subject by considering two questions: (1) What are the obstacles to world peace? And (2) What do we have to work with?

The first obstacle we think of is aggressive totalitarianism of the communist variety. Korea has proved beyond all doubt that international communism is aggressive -- and not just in the ideological sense but aggressive in the use

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of raw military power. Against military aggression there is only one immediate defense and that is military power. The United Nations, including the United States, have recognized the necessity for military power, have acted effectively, and are determined to exercise effective force as long as necessary.

That may be a long time, but force is only a temporary expedient -- not the ultimate answer. The world has seen many great military powers rise and fall. True peace has not yet come. If force can be balanced with force without achieving peace, then logic demands that we look deeper for the real obstacle between us and peace.

So we come to this question: Is communism the basic trouble, or is communism the current symptom of an older, deeper disease?

It seems to me that communism is the symptom. Its leaders are capitalizing upon the misery, the wants, the unrest that have long existed. Propaganda-wise, they pretend they are not merely against something but for something better. They have convinced millions of people that this is so. That is the meaning of postwar communist gains in Europe. It is the meaning of the communist success in China, the nearly successful aggression in Korea, and the continuing communist pressure in many other parts of Asia.

We know that the communist leaders are misleading their followers with false promises and lies. But many of the world's people do not have access to this fact until it is too late. They follow false hopes to their doom.

Hope lays hold on men's minds and stirs them to desperate action. Our first task is to understand this thoroughly because man's hope must be directed toward peace -- not capitalized by aggressors as an obstacle to peace.

Americans above all others should realize what hope can mean in terms of

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constructive action toward freedom. Our national life began with a revolution, and it was not merely a military revolution but one based on ideas and ideals. It was a revolution that laid hold on the minds of men -- in America and throughout the world. The American revolutionists were not merely insisting that Americans should be free and independent of Great Britain. They were insisting that all men are born to be free, that the rights of man are inherent, God-given, not subject to either bestowal or denial by temporal powers.

I have spoken of the American revolution in the past tense, but it can be and should be thought of in the present tense. It is alive today, and the satanic appeal of communism need not prevail over the good and the true that is democracy expressing the God-given rights of man.

The two opposing ways of life are competing for the minds and hearts of men.

This, I believe, is the basic struggle. For us who are now living there is no escape from this reality. What we do -- and what we fail to do -- both will affect the lives of our children and our children's children.

Our record clearly indicates we will not shrink back.

Our leaders have made clear to the world that we seek no national aggrandizement. Our occupation of former enemy countries has been firm but not vindictive. We have provided foreign relief that saved millions of lives; strengthened Iran, Greece and Turkey against communist aggression; helped to establish Philippine independence; provided billions of dollars worth of aid to China, Korea and certain other Asiatic countries; promoted European recovery through the Marshall Plan; joined a program of mutual defense for the North Atlantic area; helped to organize and staunchly support the United Nations Organization and its specialized agencies; started the Point IV program; and promptly responded to the United Nations call for the military defense of Korea.

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In all history, there is nothing remotely approaching either the high moral principle or the scope of this record.

Yet the peace is far from won.

In the struggle for the minds of men, totalitarian communist dictatorship is drawing support from millions who by nature should be joined with us in developing a democratic way of life -- a way of life based on inherent human rights, individual dignity, and brotherhood of the human family.

Man was born to be free. There can be no peace until mankind has won its freedom.

As we know from recent experience, the struggle between freedom and totalitarianism is at a critical point in Asia, and the outcome in Asia is of critical importance to the entire world.

Half the people of the world live in Asia.

Eight persons out of 10 in Asia are peasants.

Most of those peasants live in abject poverty. Few of them farm as much as four acres. Their tools are primitive. Their farms are so small that they would have no use for modern machines if they had them.

They have little part in world trade, either as suppliers or buyers.

Few Asian peasants own the land on which they toil, and few have had any hope of owning the land. Unlike United States tenants, they are completely dependent upon their landlords -- politically, socially, economically.

Most peasants must turn over to their landlords most of what they produce -- 50 to 75 percent is common, and in certain parts of China it runs as high as 90 percent. Many have no security of tenure whatsoever. Some areas have laws to protect the peasant's tenure, but in many areas the laws are not enforced. Too often the landlord may turn the peasant off the land whenever he wishes.

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The yields on much of the land are low, but the peasant is not much interested in improving it.

He is not greatly impressed by irrigation projects and other improvements when it is not his land that will be improved. He has little hope of gaining; there are plenty of peasants who will work the land in return for enough food to keep their families alive. Therefore, how can one peasant hope to be given more than he is now getting from his landlord? He has no incentive.

This is a major problem in the Point IV program.

Our technical assistance will do little good unless the family on the land welcomes and uses the knowledge. That, I believe, is a fundamental point recognized by all of you in extension work.

You will find some exceptions to the dark picture I have painted. But for the most part, the Asian peasant is landless, hungry and about as nearly without hope as it is humanly possible to become. That is, he has been without hope -- today, it may be a little different.

All over Asia, communists are spreading the word that the land is to be divided up. "Join with us," they say, "and the land you farm will be yours. Help us overthrow the present authorities, and you will immediately be a land owner. This is the only way you can ever hope to have your own farm."

There's more to it than that. The communist propaganda uses words about freedom, dignity of the individual, and probably all of the other principles of democracy. The communist claims are inflated like balloons, and are just as empty. But how can the peasant know that communism has never brought democracy but only dictatorship? How can he know that the so-called land reform of communism consists of transferring land from feudal landlords to a feudal government?

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Hence, among at least half of the world's people, the misery of the peasant is a basic obstacle to peace because it provides the "soil" in which communism or some other form of totalitarianism breeds.

An attack upon this problem is the most direct way by which democracy can win over communism in the struggle for the minds of men. That is the real hope for peace.

In meeting any problem, understanding it is the first step. The next is to take stock of what we have to work with.

Fortunately, we have many tools, and we have been using some of them.

But we can never make it too clear to the people of the world that the principles of the American revolution guide American democracy and commit us to the cause of human improvement everywhere. The world must be led to understand that when Americans tax themselves to send aid abroad, they do so because they want to help the everyday folks. We must continually make known the fact that we believe in freedom and dignity for all people.

It is terribly difficult to make these things clear in a period of chaos. Sometimes any kind of stability seems preferable to compounded chaos, and our efforts to gain time are misunderstood. But we must make our position clear.

We should by all means make clear that our country has had experience in dealing with such problems as are faced by the farm people of Asia, the Middle East, Africa, South America -- problems of land tenure.

Those looking toward Russia for a tenure pattern are looking in the wrong direction if they want progress and independence for their farm people. We must help them compare democracy and communism from the standpoint of both philosophy and performance. As to philosophy, communism from the beginning has opposed the private ownership of property. How can anyone hope that communism will suddenly adopt the freehold principle? Logic and experience require anyone to expect that the communist pattern for agriculture will continue to be the government collective.

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On the other hand, let our friends study Jefferson, who believed that a democratic nation should be a nation of freeholders.

Some of his ideas about agriculture may seem rather extreme in view of the industrial development of modern society, but those ideas are a part of our national background.

It was Jefferson who said, "Those who labour in the earth are the chosen people of God, if ever he had a chosen people, whose breasts he has made his peculiar deposit for substantial and genuine virtue. It is the focus in which he keeps alive that sacred fire, which otherwise might escape from the face of the earth. Corruption of morals in the mass of cultivators is a phaenomenon of which no age nor nation has furnished an example."

(Jefferson would be shocked to see how communism today is corrupting the people on the land by exploiting their natural desire to own the bit of earth on which they toil.)

In 1820, Daniel Webster, who was to become a Senator and later Secretary of State, made this perceptive statement: "A republican form of government rests not more on political constitutions, than on those laws which regulate the descent and transmission of property. Governments like ours could not have been maintained, where property was holden according to the principles of the feudal system, nor, on the other hand, could the feudal constitution possibly exist with us..." He further declared that "a great subdivision of the soil, and a great equality of condition" are "the true basis, most certainly, of a popular government."

Our friends in agricultural countries of the world should also be aware that there was in the time of Jackson a Senator named Thomas Hart Benton, who did perhaps more than any other man to shape the land policy of the United States. Listen to his philosophy:

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"Tenantry is unfavorable to freedom. It lays the foundation for separate orders in society, annihilates the love of country, and weakens the spirit of independence. The farming tenant has, in fact, no country, no hearth, no domestic altar, no household god. The freeholder, on the contrary, is the natural supporter of a free government; and it should be the policy of republics to multiply their freeholders, as it is the policy of monarchies to multiply tenants. We are a republic, and we wish to continue so: then multiply the class of freeholders; sell, for a reasonable price, to those who are able to pay; and give, without price, to those who are not...."

Later, the Nation did give land freely to those who would farm it.

I shall not attempt to trace the entire history of United States land policy. However, the facts show that the public made land available to farmers either freely or at low prices during our early development period, and that the public has intervened in many ways to keep the farm land in the hands of the operators. This is still the policy of our democracy. It is a policy which we commend to all nations in the interest of freedom and peace.

If you will pardon a personal reference: My own entry into the public service was connected with a national effort to preserve the American family farming system. I was employed by the Government to buy land on which farm people were unable to make a living, due to a long period of low prices and a drought. The Government was helping some of the distressed people move to other locations where they would have a better chance, helping others improve the land and form economic farming or ranching units which they could pay for out of yearly earnings, and finding desirable uses for land on which people had no chance to make a living. I, of course, had no part in planning this program. I mention it because it has always seemed significant that such problems -- problems of land and people -- are regarded as public problems in a democracy.



Knowing how farm people feel about the land, it is no surprise to me that the communists have made gains by promising land to the landless. But it is surprising that the whole world doesn't know and appreciate the great record that democracy has made in keeping the land in the hands of the people.

The American public has provided capital funds for cooperative farm credit associations and has legislated low interest rates and long terms for repayment of farm purchase loans. (Incidentally, the Government capital in the Federal Land Banks has been completely returned, and the banks are entirely farmer-owned.)

The Government in recent years, through Farmers Home Administration and its predecessor agencies, has supplied credit directly, or insured private loans, to nearly two million American farm families who did not have adequate sources of credit. Many thousands of these loans made or insured by the Government have been made to tenants so that they could become farm owners. The same type of credit is being made available to farm families who want to improve their farms and to others who want to start new farms in areas opened up by Government reclamation programs. The same type of credit is being made available to improve farm housing.

Nearly every farm service offered by the United States Government is based on the public policy of promoting the welfare of the family-type farm. You of the Land-Grant Colleges and we of the Department carry on scientific research and education so that the individual farmer may farm well and so that his family may live well.

The public shares with the individual farmer the cost of conserving the soil. The public finances administration of a crop insurance program through which the farmer may protect himself against ruinous crop failures. The public recognizes that the small individual farmer has no control over commodity prices and therefore provides protection against ruinous prices. The public encourages marketing and purchasing cooperatives through which the individual farmer may gain the economic

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strength of many. The public supplies credit and other assistance to cooperative groups of farmers so that they can provide for themselves the modern services of electricity and telephones.

Anyone reading the history of agricultural legislation in this country will be impressed by the consistency of the philosophy behind that legislation. Probably without exception, the legislators advocated each act as a means of aiding and encouraging the individual farmer so that he could own his land, attain greater security, and enjoy a better life.

Another point should be noted: Our country recognizes no class barrier between land owners and land tenants. Every year many tenants become owners. Because tenants generally share equitably in production, they have a foundation of economic opportunity on which to build toward farm ownership.

In 1900 tenants operated about a third of our farms. By 1930, as a result of war-inflated land prices followed by a prolonged depression, the number of farms operated by tenants was up to 42 per 100. In 1948, however the proportion was down to less than 28 per 100.

Our tenure system is far from perfect. I can, and frequently do, point out problems that need to be corrected. But, relatively, it is good, and our history indicates we will continue to make progress.

I am convinced that the increasing productivity of our agriculture and the growth of our industry alongside agriculture are due not only to our resources and science but also to the tenure system which provides an incentive for profitable production. Not so many years ago, 80 percent of our people lived on farms, as is true in Asia today. Now we have reversed the figures, and fewer than 20 percent of our people are farm people. Early in our history, one farm worker could supply food for himself and only about three other persons. Today one worker can supply 14 other persons. Without this change, our modern industry would be impossible, and without such a change modern industry is impossible in other lands. Without

such a change, world trade is severely restricted. Certainly there is no market for modern tools and machinery where the farmers have neither land nor incentive.

I have dwelt upon our record in some detail because the details are more convincing than any general statement I could make. Many more details could be added, and I think it is our job to see to it that the leaders of all political factions in every country of the world know this record. There are some in every country who are eager for this sort of progress, and they should have the facts that strengthen their determination.

The worst error that could be made by such leaders would be to look to American democracy as merely the center of productive genius and to Russian communism as the spiritual center in the field of social organization. The communist pattern offers only degradation. The democratic pattern conforms with the most deeply felt desires of mankind.

It is probably hard for people who have never been to the United States to appreciate the character of our agriculture and our agricultural philosophy. For that reason, I believe we must work harder at taking the story to the people of other countries in terms that they can understand. This is not merely the story of what democracy has done. We need not boast. The importance of these facts is that they tell what democracy is. Every representative of the United States Government in other countries should become expert in this task. We can also emphasize the truth about agriculture in our democracy in our radio, visual and other foreign information programs -- not with the idea that our pattern can be duplicated in detail but with the idea that the basic principles are universal and appeal to human nature everywhere.

We can also well afford to show representatives of other countries what our agriculture is like. We do have many such visitors from abroad every year. I should like to see the numbers increase.

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Think what it could mean if a few hundred additional persons -- representative citizens -- from agricultural areas of India and Pakistan, for example, could visit United States farm people next year, to learn something about our farming methods and also about our strong attachment to family-type farming, individual liberty, and equality of opportunity. They would be able to give the lie in very convincing fashion to communist propaganda in their own countries. They would also, I hope, find economic use for production techniques demonstrated here. Furthermore, they would understand that we are friendly in the deepest sense and on their side in their struggle to maintain political independence and improve living standards.

Let us also make it clear to all that the principles of American democracy are being applied in our foreign policy with respect to agriculture.

In the Western Hemisphere we have long been engaged in a program of technical collaboration with other American Republics.

This type of work is being extended to other areas of the world under the Point IV program.

We are participating wholeheartedly in the work of the Food and Agriculture Organization of the United Nations, whose program is to assist the people of the world to produce enough food and to improve the lot of the agricultural producers.

Giving economic aid to China, the United States in 1948 joined with the Chinese Government in setting up the Joint Commission on Rural Reconstruction to decide how United States money should be used to help rural Chinese. Two Americans and three Chinese comprised the Commission. On their recommendation, the Chinese Government began to put into effect rent reduction and, in a minor way, land-purchase programs which had been authorized by law for a long time but never before used. It is estimated that two million tenants in one province alone were benefited directly, even though the total cost to the United States was only a little over \$200,000.

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During our military occupation of that part of Korea which lies south of the 38th parallel, the United States sold to tenants at reasonable prices the lands which were formerly owned by Japanese landlords. This did not go far enough toward meeting the tenancy problem in Korea, but it was something, and it contrasted sharply with the much-advertised communist program of so-called land reform in North Korea. There the tenants got a lot of propaganda but did not get title to the farms.

In Japan, under United States military occupation, a land reform program has enabled more than three million farmers -- well over half of all farmers in this country -- to obtain land. About 90 percent of all cultivators of land in Japan are now owners. It remains to be seen whether Japanese farmers can hold these gains that have been brought about largely by Government order. Much remains to be done before anyone can be sure that lasting land reform has been achieved. But even at this stage, we can see good results. Reports indicate that the communists are now able to make no gains in rural Japan. Thus, practical democracy is competing successfully for the minds of men in Japan, as it will everywhere it is given the chance.

Evidently, a little bit of land, a little bit of opportunity, can do for world peace something that great armies cannot possibly accomplish. It is something that happens inside a person. It is something that cannot be shot or chained.

However, communism is still on the march, and millions upon millions of people are in its path, subject to its lure. There is much to be done.

The United States alone does not hold the answer, but we occupy a position of leadership. This is not merely because of wealth and power but, more importantly, because our domestic and foreign policies represent the principles that can bring peace and well-being to the people of the earth. Beyond this, we have a record of unfaltering support to the United Nations and its specialized agencies.

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Let us use our influence in the United Nations to keep the eyes of the world on the basic requirements for world peace, while we meet our military commitments.

Those countries that want to give opportunity to the tenants to purchase the land on which they work should not lack for support in the United Nations. The United Nations as an organization has credit facilities and the facilities for giving aid in technological, social and economic fields. It is clear that these facilities can be used to help member nations increase their production by such means as irrigation and flood control projects and livestock disease eradication. It should be made just as clear that these facilities are available to help meet problems of social and economic organization. For example, a country planning an irrigation project may find that the benefit to the nation could be increased many-fold by seeing to it that the land to be irrigated is owned by many farmers rather than by a few landlords.

Other countries may find that the most pressing need is to assure the tenant a larger share of his production and gradually to pay for an adequate-sized farm. Such a country may want to draw upon the experience of other countries for guidance. It may be surprising, but it is true, that few countries have ever developed a system in which a tenant can buy land by making payments similar to rent.

Still other countries may be interested in developing agricultural cooperatives, which in some parts of the world have proved to be of great aid to individual farm enterprise and a real weapon against communism.

Some countries may wish to improve their agricultural credit system so as to relieve their farm people of dependence on usurers. The Bell Mission to the Philippines -- of which Dr. A. L. Strand of Oregon State College was a member -- found that the confused state of land title records is a severe handicap to land ownership. I understand somewhat the same problem exists in other countries.

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To such needs as those, as well as to help increase total production, it seems to me that the United Nations should give major attention, and that we, the United States, should continually stress such a policy.

In our administration of Point IV work and in our related programs of economic aid, we should practice the same policy, making it clear that our purpose is to help the peoples of the world to help themselves, that we are thinking of the great body of citizens in any country to which we extend aid, and that those governments which want to develop agrarian improvements on an orderly and fair basis will find us both sympathetic and cooperative. A large part of our effort, of course, must be to carry the practical techniques of production and the techniques of extension education to those who want to learn what we have learned. But let us not mislead anyone in this matter -- let us not fool ourselves either: Technical know-how will not go far toward solving the food problem and building peace where a bad system of land tenure exists. We will do well to concentrate our technical assistance in those places where it has a chance to benefit the common people.

In the main, the chance to benefit is inseparable from the opportunity to own the land. Ownership of the land by the cultivator is the key to individual freedom and free government. To extend this principle is simply to extend a basic tenet of United States democracy. And I believe nobody has a greater interest in this than the people of the land-grant colleges.

I would not for an instant depreciate the value to the world of our techniques of production. But they are, of course, by no means all that our democracy has to offer the cause of world peace.

The greatest thing we have to export is hope -- hope based on experience in democracy, hope based upon successful practice of the universal principles of the American revolution, hope that amounts to faith -- mankind's faith in mankind. As a result of the American experiment, we know that man is capable of self-government, that his inherent rights are truly attainable, that the dignity of the individual can and must be respected.

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We have military power, and we are increasing it, for the cause of peace. It is an essential expedient. But the basic contribution we are making is hope and faith in a future of freedom, justice and peace.

In making this contribution, we have reason for both pride and humility. We can continue to be a source of hope and faith only so long as we continue to advance the principles which are the source of hope. If democracy is to be a continuing source of hope to others, democracy must continue to advance in America.

And our system of tenure must be strengthened here if the principle of operator-ownership of farms is to be the center of hope in the world-wide struggle for the minds of men. To put it another way, the peasant of Asia or the Middle East has grounds for a hope that far excels anything offered by a communist collective as long as there is proof that the democratic principles, including free enterprise, really work for the benefit of farm people. But without the proof that is furnished by a strong American system of family farming -- that is, farming by families who own the land they operate or can buy it if they wish -- the wellspring of hope may go dry -- with disastrous results throughout the world.

I believe that all farm organizations and all public institutions concerned with agriculture, including the land-grant colleges, can and will unit in a definite, vigorous program to strengthen family farming in America. I believe that the general public will support such an effort.

Let us work to strengthen our democracy in all its aspects. This is a task that challenges educators, government, everyone. Let us live up to the ideals upon which our Nation was founded. Those ideals can win the world. They are humanity's ideals -- as different from communism as light is different from darkness.

Right now the world is choosing between light and darkness.

Let us make the light of hope shine brightly.

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1. The first part of the report deals with the general situation of the country and the progress of the work during the year. It is divided into two main sections: the first section deals with the general situation of the country and the progress of the work during the year, and the second section deals with the results of the work during the year.

2. The second part of the report deals with the results of the work during the year. It is divided into two main sections: the first section deals with the results of the work during the year, and the second section deals with the results of the work during the year.

3. The third part of the report deals with the results of the work during the year. It is divided into two main sections: the first section deals with the results of the work during the year, and the second section deals with the results of the work during the year.

4. The fourth part of the report deals with the results of the work during the year. It is divided into two main sections: the first section deals with the results of the work during the year, and the second section deals with the results of the work during the year.

5. The fifth part of the report deals with the results of the work during the year. It is divided into two main sections: the first section deals with the results of the work during the year, and the second section deals with the results of the work during the year.

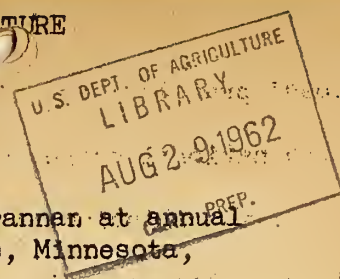
6. The sixth part of the report deals with the results of the work during the year. It is divided into two main sections: the first section deals with the results of the work during the year, and the second section deals with the results of the work during the year.

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UNITED STATES DEPARTMENT OF AGRICULTURE  
Office of the SecretaryA31.3  
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Nov. 17, 1950

## THE ELEMENTS OF LEADERSHIP

Talk by Secretary of Agriculture Charles F. Brannan at annual convention of the National Grange, Minneapolis, Minnesota, November 17, 1950, 3:00 p.m., CST.

It is always a privilege to address my fellow members of the Grange, but this year the privilege has been deepened by the emotion I share with each of you. The passing of our beloved National Master and friend, Albert S. Goss, is a personal loss shared by every real friend of American agriculture. We have needed him more than ever in these trying times. But he leaves us all better able to carry on because of the heritage he left us -- a heritage of integrity, high ideals, and forward-looking inspiration.

For many years the National Grange was the rostrum from which Mr. Goss set forth again and again the philosophy of progress in agriculture.

He saw agriculture as a truly basic industry, as an ever-flowing source of wealth, and as a source of strength for democracy, human rights, and national security.

Living well beyond the patriarch's allotted span of three score and ten, Albert Goss saw farming come of age in this country. In the decade of his birth, the average farm worker produced enough food and fiber for less than seven persons. Today, as we enter the eighth decade later, he produces enough for about 15 persons.

Albert Goss was not a passive eyewitness of progress. He was an active participant and leader.

As a boy he removed with his family from the Northeast to the Northwest and was thus privileged to see and participate in the closing years of the frontier era of American history. As a farmer, as a pioneer in farm cooperatives, and as a Federal Land Bank Commissioner he dealt at firsthand with the basic economic problem of making a farm pay across the years of fluctuating prices and incomes.

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Mr. Goss' practical training in economics stood him in good stead when he came upon the national scene, and his last address to the Grange, delivered here two days ago, was illuminated as were his other statements, by a penetrating understanding of the economic problems of the day and the hour.

One outstanding aspect of Mr. Goss' character was the open-mindedness that enabled him to welcome new ideas, to study them, and to accept those which persuaded him. He demonstrated again and again his faith and our faith in the democratic process of full and free and open discussion. American agriculture is today the better for it.

Even in his last address, he proved at the age of 78 that he was still a pioneer -- still ready to cross new frontiers. He advocated a careful study of a proposal which many persons, I daresay, will consider novel, far reaching, and even revolutionary. Specifically he recommended that the National Grange look into a plan by which, in periods of downward adjustment in crop production, the Government would contract with farmers to convert their land to new pastures.

In citing that proposal at this time, it is not my intention to prejudge the plan, but rather, in the spirit of the suggestion, to offer such cooperation and facilities of the Department of Agriculture as you might wish to use in your study.

Certainly no stone should be left unturned in our search for ways to produce and use wisely the abundance which our agriculture is capable of producing.

In these days of preparedness and mobilization, these are timely goals. Ample supplies are the best defense against the threat of inflation which is clearly discernible in the immediate future.

The area of our agreement reaches well beyond the definition of general goals keyed to sustained abundance at fair prices. There is a substantial footing of common ground underlying the farm price program advanced by the National Grange and the price support proposals recommended by the Department of Agriculture.

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Take, for instance, the crucial problem of the perishable products.

Here we are in agreement in recognizing the imperative need for measures especially designed to encourage the orderly marketing of those products -- meat, milk and dairy products, poultry and eggs, and fruits and vegetables. I am glad to see the heavy accent on marketing. Surely this means that our common target is a method of supporting the prices of those products which will encourage their consumption, prevent waste, and, at the same time, assure producers effective protection.

Let's look also at the methods proposed in both programs for achieving price and income stabilization.

Here, too, there is a large measure of agreement.

In the "Order of Preference" which sets forth the Grange program, we find a recommendation for extending marketing agreements to as many suitable commodities as possible. This likewise is recommended by the Department.

The Grange suggests the use of production payments when no other method of price support will serve. Because our studies indicate no other method which will serve many of these important needs, I believe there is considerable agreement on this point, also.

So, while there is not complete unanimity -- there seldom is among thinking people -- we do hold many common views -- not only on the goals of a truly modern farm program, but also on some of the avenues we should travel to reach them.

This body of agreement is a solid foundation on which we can work together for a program which will enable agriculture to serve the welfare of the Nation and reinforce its security at home and abroad. I am sure that we can enlarge the area of agreement by a careful examination of the basic principles of farm policy in the light of present circumstances. This is in keeping with the Grange's long tradition of public-spirited leadership in the agricultural, civic, and national affairs of the Nation.

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Unity of effort is far too important, far too essential to be sidetracked by needless and endless debate pursued without a constructive purpose.

The Nation's call for preparedness has confronted agriculture with new demands and new problems. But we must recognize in the same breath that many problems of the past are still with us. The urgent demands for greater production has released the tightening grip of the price-and-income problem which was squeezing farmers in many lines right up to the day the communist aggressors chose to unleash their attack in Korea. But our memories should be long enough to warn us that, for many commodities and for many producers, this is a temporary reprieve before the inevitable adjustment which always follows times like the present.

These problems pose very real questions, and they require realistic answers for the present and for the future. Some are urgently connected with the immediate production goals of the Nation's preparedness program, but others are connected with the kind of protection farmers are going to get later. Only by reaching the right answers can we be sure that farmers will go forward with confidence to undertake the primary task of lifting production in pace with requirements.

Let me suggest some of the questions which everyone concerned with the well-being of our agriculture should endeavor to answer.

For your convenience, I have consolidated them under five main headings.

First. Let us deal with the commodities in which increased production is essential.

Here the questions we should ask ourselves are which commodities should be supported, and which should have priority of support, either on a mandatory or discretionary basis. At present, price support priority is concentrated chiefly on the old list of so-called "basic commodities" plus milk. But we should consider whether supports should be extended to the perishables which earn a larger part of the Nation's farm income and upon which there is urgent pressure for increased production to meet our needs and to curb inflation. In answering these questions,

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we should remember that the farmer who adjusts his plans to produce more of the perishables we need -- like more beef and more pork -- has no assurance of how long the high demand will continue. He likewise lacks assurance that heavy runs of livestock, particularly hogs produced in response to increased demand, could not depress his price below a reasonable return.

Second. Let us look at the inevitable connection between conservation and the drive for increased production.

Our defense effort may be a long, hard pull -- not just a temporary emergency. We know the importance of preserving our resources for the future, and protecting them from wasteful exploitation. Yet we also know that periods of heavy demand often lead to costly "mining" of the soil for temporary high production. In keeping with the Nation's objectives and needs, we should ask ourselves, therefore, how reasonable conservation and land use practices can be encouraged by means compatible with devices such as price support that tend to stimulate increased production.

Third. Let us examine the relationship between family farming and the use of price supports to encourage big production.

A period of heavy demand can lead to expansion of large-scale industrialized or "corporation" farming that is directly contrary to our traditional family farm pattern and sacrifices the social values of family farm living in the name of mass "efficiency." Is industrialized farming necessarily more efficient than good farming by family operators? Can we -- should we -- avoid encouraging big-scale, industrialized farming with our price support program? If the answer is "yes," should we not consider whether our price support program is consistent with that view?

Fourth. Now let us look ahead to the time when farmers may find themselves confronted with post-emergency adjustments to lower levels of demand for some products.

Here the questions we should ask ourselves deal with farm income. The farmer

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knows from experience that he has borne the brunt of collapsing markets, falling prices, and declining income after periods of unusual demands. Will he encounter similar conditions in the future? If so, do we believe that there is a level below which it is against the Nation's interest to allow farm income to fall?

Fifth and last. Still looking ahead, let us study the connection between support prices and production adjustments.

Here the question is how support prices can help us obtain the most satisfactory adjustment. Do we believe that we can achieve the best results through a sliding scale premised on the idea of allowing falling prices to discourage production? Or do we believe that we should use our support price program to provide positive encouragement to farmers to shift to animal products and other products which we have reason to believe will continue in high demand?

I'd like to see every leader in agricultural thought answer those pertinent questions. Those of us who are the hired men of the farmer and the general public have a special obligation to search for the right answers. I am sure the answers would be a valuable guide in determining some of the fundamental issues involved in formulating national farm legislation.

Some of us have not hesitated to offer "targets" by making specific, realistic suggestions. It would be a bankrupt leadership indeed that would ignore or sidestep responsibility for service. As I have said many, many times, I am interested in just one thing: Finding real answers to the real problems we recognize -- answers that are acceptable to farmers and the general public. If one suggestion can be bettered, let's find the better answer. But let us not close our eyes to our problems and our minds to ideas simply because we find no easy answers.

Let me turn again to the last address of Albert Goss. Here is a text which we should keep foremost in our minds, and I quote:

"The truth is that there is no simple answer, but that we must lay down a general policy, then map a course to make that policy effective."

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In these grave times, agriculture's first concern is the Nation's preparedness and security.

Whatever lies ahead in the struggle for freedom in the world, American agriculture stands ready and able to contribute its utmost to our Nation's strength. And agriculture is so basic to our national strength that it has a vital role in the preparedness effort.

Preparedness means more than guns and tanks and planes. It doesn't necessarily mean sacrificing progress toward improving our domestic economy. Our economic strength is the real backbone of our military strength. We know we must keep our economy strong -- and we know, too, that we can't long maintain a strong economy without strength and stability in agriculture.

Rather than give any reason to turn our backs even temporarily on efforts to strengthen our entire economy and improve the stability of agriculture, the Nation's call to preparedness should give us all new incentive to build even more rapidly toward a stronger, sturdier democracy that can and will withstand any challenge.

Our present agricultural productivity is a great source of national strength.

But in my opinion, agriculture's role in the present world struggle goes far beyond the ability to produce in abundance.

Farming as a way of life has embedded democracy's roots firmly in the American soil. Down through our history, agriculture always has made and is still making more than material contributions to our economy and our national strength. Ever since the founding of our Nation, people who owned and tilled their own soil have contributed a strong, stabilizing moral influence upon our national life. Such farmers are still a solid bulwark of democracy -- a real safeguard against the inroads of communism in our own land.

Our family farmers particularly represent the traditional, American pattern of farming that is democracy's answer to Soviet collectivism.



In a talk yesterday before the Association of Land-Grant Colleges and Universities, I expressed the belief that we should encourage all interested countries in every way we can to adopt the democratic principle of farm ownership, making it possible for landless tenants to become farm owners.

Unrest in many parts of the world today can be traced to insecure and inequitable land tenure. Under such conditions, farm people do not receive an equitable share of what the land produces. They have no stake in the land upon which they toil. Such patterns of land ownership create nothing but hopelessness among peasants who work the soil, and make them an easy prey for communism's glittering false lures.

But family farming and family farm ownership is the historic American pattern -- not the Soviet pattern. And it is only in this American pattern that restless peasants of the world can find the ray of hope they seek. Widespread land ownership, security of tenure, and equitable landlord-tenant arrangements are all part of the basic fabric of democracy. By improving the economic opportunities for family farmers and for family farm ownership we offer our best proof of the right to leadership in behalf of farm people throughout the world.

We must fully recognize the fundamental importance of our family farm concept to the preservation of democracy.

Daniel Webster had the foresight 130 years ago to give this warning, and I quote: "The freest government, if it could exist, would not be long acceptable if the tendency of the laws were to create a rapid accumulation of property in few hands, and to render the great mass of the population dependent and penniless."

Webster added: "In the nature of things, those who have not property, and see their neighbors possess much more than they think them to need, cannot be favorable to laws made for the protection of property. When this class becomes numerous, it grows clamorous. It looks on property as its prey and plunder, and is naturally ready, at all times, for violence and revolution."

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His words are borne out today by events abroad.

We must make it clear that we have had more than a century of experience in meeting such problems as are faced by the farm people of Asia, the Near East, Africa, South America -- problems of land tenure and ownership.

Our present family farm system didn't just happen by accident. It has been purposefully created by our Government's land policies -- policies motivated in the main by the philosophy of our democracy's founders and early leaders that the freehold principle was essential to a strong democracy.

We were not without powerful forces who felt otherwise and would have concentrated control of the land in the hands of the privileged few. We are not without them today.

But the philosophy of such men as Jefferson and Lincoln, Webster and Thomas Hart Benton that we can best strengthen democracy by multiplying freeholders has prevailed. It is best exemplified in our Homestead Act of 1862 which gave family farms freely to those who would farm them. It exists in our laws and our thinking down to the present day.

Operator -ownership of family farms has long been one of the chief goals of agricultural policy in this country. Much of our farm legislation has been enacted toward that objective. But we do not draw a hard line of class distinction in this country between tenant farmers and farm owners. We know opportunity must always be kept open at the bottom of the ladder, and that adequate opportunity must exist to climb that ladder to farm ownership. So we have to consider our goal in its broader setting of security of tenure, whether the farm is owner or tenant-operated.

If they are going to farm efficiently, conserve the soil, and participate fully in civic, community and public affairs that are a vital part of democracy, farmers must have a reasonable security in their tenure and equitable treatment in tenure relations.

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We have strengthened democracy by encouraging that security on the land.

Our record of family farm ownership, and opportunity for tenants to step up the ladder to farm ownership, is unequalled anywhere in the world.

It has been upon this family farming concept that the real strength of American agriculture has been built.

We must preserve that pattern, both to strengthen democracy at home, and as an example for the world.

In the world's ideological struggle, our family farm tradition has become an important weapon in the moral arsenal of democracy.

Let's make sure the weapon is strong.

It's a good time for us to take a soul-searching look at ourselves -- to look for all possible improvements in our own situation.

Are we doing all that can be done to increase opportunities for farm ownership and to preserve the family farm tradition?

Are we really practicing what we preach?

There are a few disturbing signs on our own horizon. Although on a statistical basis farm ownership has made rapid gains during the last decade, much of the increase can be attributed to establishment of small part-time farms, and even rural residences near our large cities. Recently we have been hearing reports of heavy purchasing of farms by nonfarmers, and of rapid increases in land values. Such developments tend to make it more difficult for young men to get started in farming. The present high investment costs for land, buildings, machinery and livestock tend to limit rather than encourage expansion of the family farming tradition, and shift agriculture further into the realm of big business.

All of our great farm organizations are strongly committed to the family farm principle. It is part of the historic tradition of the Grange. Our Government has long recognized that preservation of the family farm concept best serves the Nation's interest.

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But it's time to prove still further our right to world leadership in this fundamental field of equitable utilization of the land for human benefit.

It's time for all of us to be thinking about how we can make further advances toward the goal of family farm ownership, and how we can best preserve the family farm ownership that now exists as a cornerstone of our democracy.

I believe that more can be done and that more must be done.

It is my sincere hope that the Department of Agriculture may be able to greatly improve its services to family farmers of the United States. I believe that by so doing we can strengthen democracy at home, and by our example contribute greatly to democracy's influence throughout the rest of the world.

Toward that basic objective, the Department has already taken preliminary steps to embark upon an intensified program during the months ahead to secure still further the family farm's position as a fundamental institution in our democracy.

I believe we should earnestly endeavor: first, to develop and put into operation such changes as are possible under existing legislation in the Department's policies, programs, and procedures that would result in improving our services to family farms and farm families; and second, to develop and have available for the consideration of the Congress a comprehensive set of recommendations for changes in existing legislation that would allow the Department of Agriculture to improve still further its services to family <sup>farm</sup> farms and/families. Consideration could also well be given similar steps that would enable the land-grant colleges to expand their contribution in this field.

It is in my opinion an undertaking of such importance as to call for detailed study not only by appropriate agencies of the Department of Agriculture and the land-grant colleges, but by each of the farm organizations, by state and county USDA councils, and by state and county PMA and FHA committees in order to develop sound recommendations crystallizing the thinking of American agriculture all the way from its grass roots to the top of its organized leadership.

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Our end goal is the strengthening of democracy through the most effective service to the family farm.

Rather than starting with preconceived ideas of the best path to pursue, I believe the challenge of finding that path must be shared by agriculture as a whole, if we hope to achieve the unity of effort so necessary to reach our goal.

Of course, there's more than moral justification to such a campaign for preservation of the family farm pattern. There's economic justification, too.

Now, perhaps more than ever before, agriculture is being put to test to meet the Nation's expanding needs for production. Our abundant production is essential to the Nation's preparedness, and it is essential to help fight the economic spiral of inflation.

Our hope for expanding production rests with increasing the efficiency of all farmers and farming units, but more particularly among smaller farming units now producing less efficiently than is possible. As we enter a large-scale preparedness program, we must make the best use of all of our resources. And we certainly cannot overlook the potential contributions of additional thousands of small farmers who could greatly increase their output of farm commodities if furnished with the necessary credit, farming and farm management guidance, and whatever else it may take to bring them fully into the productive pattern of the efficient, family-type American farm.

Let me emphasize that in talking about greater efforts to strengthen the family farm, we are talking about efforts in behalf of the great bulk of all American farmers, not just those in the lowest income brackets.

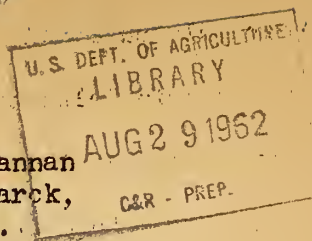
Let us press forward together with a well-rounded program for the strengthening of the family farms of America. This is in keeping with the Grange's avowed opposition to the doctrines of communism -- opposition which your late National Master reavowed again in ringing terms in his last address to this body. The Grange is a farming fraternity which is pre-eminently an organization of family farmers from all parts of the Nation. By strengthening the foundation of those farms, by giving them greater opportunity to produce for freedom, by setting them forward as an example for freemen all over the world, we will continue to prove that America can and will fulfill the responsibilities of leadership for which all free nations of the world are looking to us.



UNITED STATES DEPARTMENT OF AGRICULTURE  
Office of the Secretary

LAND AND LIBERTY

Talk by Secretary of Agriculture Charles F. Brannan  
at meeting of North Dakota Farmers Union, Bismarck,  
North Dakota, November 18, 1950, 4:30 p.m., CST.



It is a pleasure to be here with you in Bismarck. I like the enthusiastic spirit of Farmers Union conventions. You represent democracy in its truest sense -- a vital force of teamwork among individuals with deep-rooted convictions, working constantly for the common objective of human betterment.

I have always been a firm believer in the underlying principles upon which the Farmers Union was founded and has since grown into one of our great agricultural institutions. They are really the same basic principles of democracy itself -- the principles of equality and human justice for all. You have exemplified that by your historic efforts in behalf of the family farmer and the low-income farmer. You have always looked beyond a strictly material concept in agriculture. You are concerned with it as a way of life, and a bulwark of democracy. You have shown you understand the vital link between land and liberty.

Fortunately, you have capable leadership that exemplifies those very principles.

Agriculture and the Nation needs leadership of such men as your own Glenn Talbott, and Bill Thatcher, and Jim Patton. They are unique in foresight, and have the courage of their convictions. I am proud to count such able men as my friends. We need more of that kind of dynamic leadership for progress among men who sincerely believe in putting the principles of democracy to work for farm people.

You can well be proud of the aggressive stand your North Dakota Farmers Union has always taken in support of those principles, and the progressive leadership it has provided and is still providing in their behalf.

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Your able national president called upon you Thursday to rededicate yourselves to the basic principles of your organization:

That's good advice for all of us. In these grave times, we must cling firmly to the basic principles that have become our heritage in this great democracy. We must not let the very real threat of our time be distorted by narrow-mindedness into destroying at home the freedom we are fighting to save for the world, or even undermine and weaken the principles of human justice upon which that freedom has been founded.

We must instead reaffirm our faith in these basic concepts of democracy, and re-examine our present situation to see how well we are putting into practice the ideals that we are upholding to the world as the true basis of a sound and lasting peace among all mankind.

The troubled world is crying out for sound guidance today -- guidance and example. We are all challenged by that cry.

But it is only rightness <sup>of</sup> principles, and willingness to exemplify such principles by constructive action, that entitle any nation to assume world leadership. Military power or the prestige of wealth alone is not enough. We must have the strength of a solid moral foundation. Down through the course of history, false leadership ignoring such foundations and relying instead upon might and privilege and conquest to perpetuate itself has always eventually collapsed and fallen by the wayside, usually leaving a harsh human toll in its wake.

We have in this country the heritage of a firm moral foundation. We hold the principles of equality and human justice upon which our democracy was founded to be God-given, beyond the right of man to take away.

But how well we exemplify those principles, not how loudly we preach them, may decide the course of the ideological conflict confronting the world today.

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We must understand that the real war we face is a battle for the minds of mankind. It is not a battle that can be won by bullets and bombs alone. It is not a battle in which we can put our entire reliance upon military superiority.

For it is a battle that goes on regardless of whether war in a military sense fluctuates between "cold" and "hot" -- and in which the balance of power rests upon the decisions of vast numbers of people throughout the world who have not yet finally aligned themselves with any cause. It is a continuing struggle, now approaching a showdown from which we certainly cannot retreat.

Land and liberty are treated by totalitarians as pawns in that struggle. But we must realize that land, and how it is used, can be a powerful weapon for liberty.

In these grave times, American agriculture's first concern is our own Nation's preparedness and security.

Whatever lies ahead in the struggle for freedom in the world, American agriculture stands ready and able to contribute its utmost to our Nation's strength.

Our economic strength is the real backbone of our military strength. We know we must keep our economy strong -- and we know, too, that we can't long maintain a strong economy without strength and stability in agriculture.

Our present agricultural productivity is a great source of national strength.

But in my opinion, agriculture's role in the present world struggle goes far beyond the ability to produce in abundance.

Farming as a way of life has embedded democracy's roots firmly in the American soil. Down through our history, agriculture always has made and is still making more than material contributions to our economy and our national strength. Ever since the founding of our Nation, people who owned and tilled their own soil have contributed a strong, stabilizing moral influence upon our national life. Such farmers are still a solid bulwark of democracy -- a real safeguard against the inroads of communism in our own land.

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Our family farmers particularly represent the traditional, American pattern of farming that is democracy's answer to Soviet collectivism.

Through your efforts in the Farmers Union you have long shown you know that is true. But there are still others upon whom that fact must be impressed.

In a talk Thursday before the Association of Land-Grant Colleges and Universities, I expressed the belief that we should encourage all interested countries in every way we can to adopt the democratic principle of farm ownership, making it possible for landless tenants to become farm owners.

In another talk yesterday before the National Grange convention I went a step further in applying that principle to ourselves -- by calling for a search for ways in which we can strengthen democracy at home as well as throughout the world by strengthening the family farm.

I want to re-emphasize that call to you here today. I know that the family farm concept is close to the hearts of all of you in the Farmers Union. But there is now perhaps more than ever before an urgent need to work toward bringing that concept of American agriculture close to the hearts and minds of everyone.

If democracy is to be a continuing source of hope to others, democracy must continue to advance in America. And family farming must continue strong here if the principle of family farming is to be the center of hope in the world-wide struggle for the minds of men.

In many parts of the world, vast numbers of landless, hungry and despairing peasants are stirring with the inherent desire for self-betterment through social revolt. They are looking for any change that kindles hope. But too often they are grasping in the wrong direction.

Most of such unrest throughout the world today can be traced to insecure and inequitable land tenure. Under such conditions, farm people do not receive an equitable share of what the land produces; they have no stake in the land upon which they toil. Such patterns of land ownership create nothing but hopelessness among

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peasants who work the soil, and make them an easy prey for communism's glittering false lures.

But family farming and family farm ownership is the historic American pattern -- not the Soviet pattern. And it is only in this American pattern that restless peasants of the world can find the ray of hope they seek. Widespread land ownership, security of tenure, and equitable landlord-tenant arrangements are all part of the basic fabric of democracy. By improving the economic opportunities for family farmers and for family farm ownership, we offer our best proof of the right to leadership in behalf of farm people throughout the world -- leadership <sup>to</sup> / land and liberty.

We must fully recognize the fundamental importance of our family farm concept to the preservation of democracy.

Daniel Webster had the foresight 130 years ago to give this warning, and I quote: "The freest government, if it could exist, would not be long acceptable if the tendency of the laws were to create a rapid accumulation of property in few hands, and to render the great mass of the population dependent and penniless."

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His words are borne out today by events abroad.

We must make it clear that we have had more than a century of experience in meeting with such problems as are faced by the farm people of Asia, the Near East, Africa, South America -- problems of land tenure and ownership.

Our present family farm system didn't just happen by accident, it has been purposefully created by our Government's land policies -- policies motivated in the main by the philosophy of our democracy's founders and early leaders that the freehold principle was essential to a strong democracy.

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We were not without powerful forces who felt otherwise, and would have concentrated control of the land in the hands of the privileged few. We are not without them today.

But the philosophy of such men as Jefferson and Lincoln, Webster and Thomas Hart Benton that we can best strengthen democracy by multiplying freeholders has prevailed. It was early exemplified in our Homestead Act of 1862 which gave family farms freely to those who would farm them. It exists in our laws and our thinking down to the present day.

Operator-ownership of family farms has long been one of the chief goals of agricultural policy in this country. Much of our farm legislation has been enacted toward that objective. But we do not draw a hard line of class distinction in this country between tenant farmers and farm owners. We know opportunity must always be kept open at the bottom of the ladder, and that adequate opportunity must exist to climb that ladder to farm ownership. So we have come to consider our goal in its broader setting of security of tenure, whether the farm is owner or tenant-operated.

If they are going to farm efficiently, conserve the soil, and participate fully in civic, community and public affairs that are a vital part of democracy, farmers must have a reasonable security in their tenure and equitable treatment in tenure relations.

We have strengthened democracy by encouraging that security on the land.

Our record of family farm ownership, and opportunity for tenants to step up the ladder to farm ownership, is not exceeded and perhaps unequalled anywhere in the world.

It has been upon this family farming concept that the real strength of American agriculture has been built.

We must preserve that pattern, both to strengthen democracy at home, and as an example for the world.

In the world's ideological struggle, our family farm tradition has become an important weapon in the moral arsenal of democracy.

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Let's make sure the weapon is adequate.

It's a good time for us to take a soul-searching look at ourselves -- to look for all possible improvements in our own situation.

Are we doing all that can be done to increase opportunities for farm ownership, and to preserve the family farm tradition?

Are we really practicing what we preach?

There are a few disturbing signs on our own horizon. Although on a statistical basis farm ownership has made rapid gains during the last decade, much of the increase can be attributed to establishment of small part-time farms, and even rural residences near our large cities. Recently we have been hearing reports of heavy purchasing of farms by nonfarmers, and of rapid increases in land values. Such developments tend to make it more difficult for young men to get started in farming. The present high investment cost for land, buildings, machinery and livestock tend to limit rather than encourage expansion of the family farming tradition, and shift agriculture further into the realm of big business.

All of our great farm organizations are strongly committed to the family farm principle. The Farmers Union has made it the very basis of its efforts to aid agriculture. Our Government has long recognized that preservation of the family farm concept best serves the Nation's interest.

But it's time to prove still further our right to world leadership in this fundamental field of equitable utilization of the land for human benefit -- to exemplify by action our knowledge of the link between land and liberty.

It's time for all of us to be thinking about how we can make further advances toward the goal of family farm ownership, and how we can best preserve the family farm ownership that now exists as a cornerstone of our democracy.

I believe that more can be done, and that more must be done.

It is my sincere hope that the Department of Agriculture may be able to greatly improve its services to family farmers of the United States. I believe that by

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so doing we can strengthen democracy at home, and by our example contribute greatly to democracy's influence throughout the rest of the world.

Toward that basic objective, the Department has already taken preliminary steps to embark upon an intensified program during the months ahead to secure still further the family farm's position as a fundamental institution in our democracy.

I believe we should earnestly endeavor: first, to develop and put into operation such changes as are possible under existing legislation in the Department's policies, programs and procedures that would result in improving our services to family farms and farm families; and, second, to develop and have available for the consideration of the Congress a comprehensive set of recommendations for changes in existing legislation that would authorize the Department of Agriculture to improve still further its services to family farms and <sup>farm</sup> families. Consideration could also well be given similar steps that would enable the land-grant colleges to expand their contributions in this field.

It is an undertaking in which I will ask for the cooperation of all the major farm organizations.

It is, in my opinion, an undertaking of such major importance as to call for detailed study not only by appropriate agencies of the U. S. Department of Agriculture, the various state departments of agriculture, and the land-grant colleges, and each of the farm organizations, but also by state and county USDA councils, and by state and county PMA and FHA committees in order to develop sound recommendations crystallizing the thinking of American agriculture all the way from its grassroots to the top of its organized leadership.

Our end goal is the strengthening of democracy through the most effective service to the family farm.

Rather than starting with preconceived ideas of the best path to pursue, I believe the challenge of finding that path must be shared by agriculture as a whole if we hope to achieve the unity of effort so necessary to reach our goal.

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Of course, there's more than moral justification to such a campaign for preservation of the family farm pattern. There's economic justification, too.

Once again, agriculture is being put to test to meet the Nation's expanding needs for production.

Our abundant production is essential to the Nation's preparedness, and it is essential to help fight the economic spiral of inflation.

Our hope for expanding production rests with increasing the efficiency of all farmers and farming units, but more particularly among smaller farming units now producing less efficiently than is possible. As we enter a large-scale preparedness program, we must make the best use of all of our resources. And we certainly cannot overlook the potential contributions of additional thousands of small farmers who could greatly increase their output of farm commodities if furnished with the necessary credit, farming and management guidance, and whatever else it may take to bring them fully into the productive pattern of the efficient American family farm.

Let me emphasize that in talking about greater efforts to strengthen the family farm, we are talking about efforts in behalf of the great bulk of all American farmers, not just those in the lowest income brackets.

And let me emphasize, too, that a well-rounded program for the strengthening of the family farms of America must eventually embrace adequate price and income stabilization, conservation of our resources, and improved aid to low-income farmers as well as credit and tenure-relations assistance.

For all of these, the search for improvement must go on. But throughout such a search we can and must keep our sights on the basic concept of preserving and strengthening the traditional American pattern of family farming.

It can be both the starting point and the final goal; the search for ways and means to reach that goal must cover the widest possible range in between.



The Nation's call for preparedness has confronted agriculture with new demands and new problems. But we must recognize in the same breath that many problems of the past are still with us. The urgent demands for greater production has released the tightening grip of the price-and-income problem which was squeezing farmers in many lines right up to the day the communist aggressors chose to unleash their attack in Korea. But our memories should be long enough to warn us that, for many commodities and for many producers, this is a temporary reprieve before the inevitable adjustment which always follows times like the present.

These problems pose very real questions, and they require realistic answers for the present and for the future. Some are urgently connected with the immediate production goals of the Nation's preparedness program, but others are connected with the kind of protection farmers are going to get later.

Only by reaching the right answers can we be sure that farmers will go forward with confidence to undertake the primary task of lifting production in pace with requirements.

None of us can sidestep responsibility for objective cooperation in the continuing search for the most appropriate ways and means of making the Nation's farm program fulfil the Nation's needs.

As I have said many, many times, I am interested in just one thing: Finding real answers to the real problems we recognize--answers that are acceptable to farmers and the general public.

If one suggestion can be bettered, let's find the better answer. But let us not close our eyes to our problems and our minds to ideas simply because we find no easy answers.

The search is not a matter of agriculture's material welfare alone. It is a matter of strengthening our democracy at a time it needs its utmost strength, and presenting to the rest of the world the greatest proof that democratic principles,



including free enterprise, really work for the benefit of farm people.

We can best do that by pressing forward together with the concept of family farming foremost in our minds.

I am confident the Farmers Union of North Dakota and the Nation will enlist wholeheartedly in an all-out fight to preserve the family farm as our freehold of freedom.

By strengthening the foundation of those farms, by giving them greater opportunity to produce for freedom, by setting them forward as an example for free men all over the world, we can forge ever more solidly the bonds that link land with liberty.

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UNITED STATES DEPARTMENT OF AGRICULTURE  
Office of the Secretary

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HEMISPHERIC STRENGTH THROUGH A MUTUALLY PROSPEROUS AGRICULTURE

Dec. 4, 1950  
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Address by the Honorable Charles F. Brannan, United States Secretary of Agriculture and Chairman of U. S. Delegation to Fourth Inter-American Conference on Agriculture and Second Latin American Regional Meeting of the U.N. Food and Agriculture Organization, Montevideo, Uruguay, at 5 P.M., EST,  
December 4, 1950.

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The first of my pleasant assignments at this Inter-American Conference and this FAO meeting is to bring you the greetings and best wishes of the President of the United States. President Truman asked me to express to you his sincere hope for successful conferences, which will bear good fruit in all the Americas for years to come.

Both personally and officially, I feel it is a great privilege to be here with you and to have the honor of representing my country at this Fourth Inter-American Conference on Agriculture and this Second Latin American Regional Meeting of the U. N. Food and Agriculture Organization. We of the United States believe it is good that these two meetings are being held simultaneously.

I wish to express thanks and appreciation on behalf of myself and of all the members of the United States delegation for the wonderful hospitality of the Republic of Uruguay.

It is evident already that the Government of Uruguay has spared no effort to provide for the needs and conveniences that help to assure a successful conference.

Let me also say for all of us that we are enjoying the beauty of this city, this country and of the other countries we have seen on our journey. I am sure all of us would like to have unlimited time for traveling and getting better acquainted in each American country. Each of our countries is so important to each other country and to the whole group that the desire for better acquaintance and understanding is deeply felt.



The characteristically friendly atmosphere of this occasion is another reason for our feeling glad to have a part in these sessions. It is in such an atmosphere -- the product of good will among all present -- that the most worthwhile things can be accomplished.

In the deepest sense, it is the hope of accomplishment that accounts chiefly for one's gratification in having a part in an event such as this.

Speaking for myself, I have so long believed so wholeheartedly in the Pan-American principle -- in the bond of the Americas -- that I find deep satisfaction in taking part in this and all other work which is based upon the recognition of our mutual interests and seeks to promote them.

The fact that much of our work here deals with technical subject matter does not mean that it lacks in immediate significance to the peoples we represent. On the contrary, it is all the more significant by reason of the fact that we shall be dealing with specific fields of scientific knowledge and types of action which offer practical benefit to individuals and nations.

We can proceed in this practical way because general understandings already exist and have existed for a long time. The solid foundation on which we build is our recognition of the fact that, in many fundamental respects, the interests of one American country are the interests of all the American countries and, likewise, that the interests of all are the interests of each.

For the United States, let me say that we proceed from the conviction that our bond with our American neighbors is unsurpassed in importance. All nations have or should have mutual interests with the entire family of nations and with individuals and groups within that family. All of us are thinking in global as well as in regional terms. But realism as well as idealism requires us, I believe, to keep constantly in mind the mutual interests of all the Americas.

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This is true whether our immediate concern is depression, war, postwar adjustment, or -- as it is today -- the aggression of international communism.

The first of these Inter-American Conferences on Agriculture was held in time of depression -- 1930. The United States Secretary of Agriculture who addressed that Conference observed that the meeting marked the 100th anniversary of the first international gathering of American States, and he expressed the hope that it would lead to permanent cooperation among the American republics in the field of agriculture. In pointing to the need for such cooperation, he made this statement: "Civilization...has not yet found the means of making its greatest, its most necessary and its most vital industry profitable. Far from it. Nearly every nation on earth has its farm problem. Throughout the world, agriculture is a depressed industry."

He went on to say: "The world-wide depression in agriculture emphasizes the fact that we cannot think exclusively of our own country in overcoming the depression. Although we are, by virtue of the inevitable facts of international life, competitors, we are also, and first of all, friends -- we seek a higher degree of prosperity for our farmers." That ends the quotation from 1930.

The second of these conferences was held in time of war -- 1942. The United States Secretary of Agriculture who spoke at that conference addressed himself to two questions: First: "What must agriculture do to assure and hasten victory?" And second: "How can we best lay the foundations of a post-war agricultural economy, a plan for better living standards in every country, and for healthy trade relationships among ourselves and with the rest of the world?"

The most convenient way to recall the problems of that day is to repeat a few more sentences from the same address. I am quoting:

"This is a war of resources: Men, materials and manufacturing capacity. Our hemisphere has contributed fighting men and will contribute more. But we are also the supply base for all the United Nations. They depend upon us for weapons,

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for raw materials, for ships, for medical supplies, and for food. Every nation in this hemisphere, from Canada to Chile and Argentina, is supplying essential commodities to the United Nations.

"But there are many serious deficits, including some agricultural products

.....

"Yet at the same time our hemisphere is faced with surpluses of wheat, cotton, coffee and other basic crops....The pre-war surpluses are increasing, and there are new wartime surpluses."

In the conclusion of the talk came a plea for postwar planning. Quoting:

"Together we can map out a future for agriculture, a future of progress and economic well-being. We can offer to our peoples and those of other lands a better way of living. In fact, we must do so, for our war effort depends upon it. The willingness of free people to fight for a better future is the strongest weapon of the United Nations." End of quotation.

The third of these Inter-American Conferences was held in the summer of 1945. The Axis forces in Europe had capitulated, and the surrender of the Japanese army was imminent. That time is sufficiently near that I shall not draw upon records to refresh our memories. The Conference devoted major attention, of course, to the problem of postwar adjustment, particularly to the need for expanded trade and increased consumption of agricultural commodities.

Now the Fourth Conference is being held. We of the Americas are united in desire and in effort toward the primary objective of all peoples in all ages -- a just and lasting peace. But our desires and efforts are being thwarted by international communism.

It has taken China into its tight grip. Only the United Nations military action has stemmed its aggression in Korea. Dangerous events are taking place in various other quarters.

The peace loving nations find it necessary to build up their military power, to mobilize armies, industries, agriculture.

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As the individual pioneers on the frontiers of many countries have done, our nations today find it necessary to carry a musket in one hand and do the forward-looking work of civilization with the other.

Agriculture, as we very well know, has a vital role to play both in building military strength and in providing for the pursuits of peace.

Basic improvements in our agriculture have been the goal of each of these Conferences -- in depression, in war, in postwar adjustment, and now in this strange period in which there are unprecedented reasons for both hope and dread.

We continue to seek basic improvements in our agriculture because we know, although we do not always put the thought into words, that the hope of a better life is in no small measure the hope for enough food for all people -- enough food and other farm products, efficiently produced, properly distributed, and returning to the producer and his family an equitable level of living.

In our discussions of scientific agricultural techniques, those goals are not often stated but they are implicit.

Today, in sharper focus perhaps than ever before, we see the farming family as the key to the future.

In democracy, the farm families are naturally among the strongest supporters of the democratic way of life. But we know from observation that where governments have overlooked the needs and aspirations of farm people, communist propaganda has won adherents with its false promises of giving the peasants the land on which they toil, even though such propaganda is entirely misleading and cruel.

Communism never has stood for and never intends to stand for the private ownership of farm land.

Only true democracy offers the hope of land and liberty.

The economic status of the tiller of the soil is all-important. The opportunities afforded him to prosper and lead a full life determine not only his personal economic condition but also his attitude toward his fellow citizens and toward the nation of which he is a part.

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The farming family wants a real stake in the land on which it lives and works. When a secure hold upon the land by its cultivator is coupled with broadened economic opportunities these farming families are a firm foundation of national strength and stability. The search for such opportunities brought many of our ancestors to this Western Hemisphere. If our lands are to furnish example and inspiration to the rest of the free world in the fight against communism we must make doubly sure that our own countries keep open the opportunities of our farming families to obtain an adequate living and become land-owning farmers.

I know that I am not alone in having concluded that agricultural progress is due in large measure to the opportunities provided by the democratic system to the individual farmer and his family. Recently, in one of the leading newspapers of Latin America there appeared a report on this subject from a citizen who had returned after fifteen months of study in the United States. The headline of the story read: "People Live Even Better in the Country Than in the City in the United States." This visitor indicated that rural life in the United States affords all the privileges of modern life and at the same time has the added good fortune of not suffering from the natural complications which are found in city life. He cited as reasons such factors as the application of science and technology to farming, the fostering of education and the dissemination of information among farmers, and the nation's effort to enhance the economic well-being of farmers.

Needless to say, we are pleased at this recognition from the citizen of another country. Parenthetically, I must tell you that this visitor appears to have been somewhat overly impressed with the advantages of farm life in the United States. The fact is that most of our farm people do not enjoy all the advantages that are available to the average city dweller. However, I am glad to say that the differences are being reduced, and I am glad our visitor found the situation attractive.

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It is true that the present-day agriculture of the United States is dependent upon the three principles that were observed by our visitor -- research, to unlock Nature's secrets and enlist her cooperation; education, so that young and old alike will be well informed, both as good citizens and as good farmers; and, last, the fostering of economic opportunity.

All of us, in your countries and mine, are making commendable progress in carrying out the first principle of agricultural research. The agriculture of the Western Hemisphere, year by year, is becoming increasingly efficient. In your research institutions and in those of my country we are finding out how to conquer the diseases of plants and animals, how to raise better plants and animals, and how to increase the individual output of each farmer. I can truthfully say that as a result of agricultural research and the application of technology, a farmer in my country today can perform a task in one hour that required two hours for his father.

Also, in your countries and mine we are making progress toward better education. Fine schools exist today where there were none in our fathers' time. More and more young people from farms are able to attend those schools and for longer periods. Institutions specializing in agricultural education are becoming established, in country after country. Extension education systems are being developed to reach the people on the land. The impatient might chide us and say that only a small part of the road to education has been traveled -- but to me it is significant that all of us in the Americas are on that road, that we all believe in education, that we are all determined that people shall have opportunities to learn. To me, that is significant.

But I wonder whether we of the Western Hemisphere can be satisfied that we have made equal progress toward fostering the economic opportunity of the families on the land. We have all made some beginnings but the challenges are complex and none of us is yet fully certain that all our efforts are in the right direction. This is a field that requires our most serious thought and study.

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It is true that we have made progress. For example, some public facilities have been provided which encourage farmers to become owners of the land they till. Better farming and better citizenship grow out of this type of land tenure. Also, credit facilities have been developed through which farmers can more readily borrow money, at low interest rates over long periods of time, to finance both their seasonal operations and their capital expansions. In addition, some countries offer price assurances so that as farmers plant the crops that will be harvested a season hence, they can do so with the secure knowledge that they will be compensated for their harvest. However, no country so far has met all the economic needs for a stable, productive, and strong agriculture. I might say that this challenge is among the greatest faced by the agricultural leaders of my country.

These three principles -- agricultural research, agricultural education, and broadened agricultural economic opportunity -- necessarily vary in their application from country to country. An aspect that we hold dear in my country may not even apply in yours, and vice versa. But as we consider our individual and our mutual agricultural destinies at this meeting, I hope that we will be highly conscious of the varied nature of our opportunities to work together.

In cooperative research we have made a commendable start. Joint research is going forward today on a number of commodities of mutual interest. In the area of tropical agriculture your scientists and ours are working together on such projects as improving the culture of coffee, cacao, natural rubber, and several fibers, and the greater utilization of tropical products as feed for animals and food for man. In other areas there is collaboration on the control of insect pests and animal diseases. Such cooperation has made a fine beginning, and -- whether it takes place under guidance of the groups assembled here or through individual arrangements between our various countries -- we are beginning to appreciate the value of exchanging our knowledge and abilities, and we will be working ever more closely together in the years to come.

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In the field of agricultural education we also are taking advantage of the opportunities for cooperation. My country is pleased, for example, at the ever-increasing exchanges that are taking place between your agricultural institutions and ours, in terms of students and experiences.

It is to the last of these principles -- agricultural economic well-being -- that I especially urge our intensified cooperation. I hope that we can explore vigorously our various opportunities for economic cooperation in the field of agriculture -- such as greater opportunities for mutual benefit through assured markets, as exemplified by the International Wheat Agreement.

Our various agricultures are to a high degree inter-dependent. What aids the welfare of one of our nations will aid the welfare of others. As the years go by let it be the aim of each of our nations that our agricultures be informed and efficient and economically sound, and that wherever possible we work out our destinies together. I believe we can make progress through international organization that we cannot make in any other way.

Progress in agriculture is essential to progress in industry. It is essential to progress in trade. It is essential to progress in raising the levels of living everywhere in the world. It is essential to world peace.

Let me repeat that I do not believe the pattern for progress is likely to be exactly the same in any two countries. But I do believe that the principles are universal and that, among these principles, opportunity for the individual farmer and his family is paramount.

There is greater urgency in the need for agricultural progress today than ever before. Cooperation such as we of the Americas have established in recognition of our mutual interests is necessary throughout the world. Let us strengthen our cooperation. Let us strive to appreciate each other's problems, to learn from one another, and to make our efforts mutually beneficial.

Let us use every opportunity to make agriculture in the American Republics strong -- a bulwark of strength against aggression -- an avenue to human advancement and world peace.



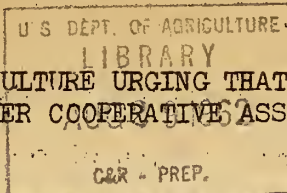


UNITED STATES DEPARTMENT OF AGRICULTURE  
Office of the Secretary

1950

No. month, 1950

STATEMENT OF THE SECRETARY OF AGRICULTURE URGING THAT NO CHANGE BE MADE IN  
THE TAX STATUS OF FARMER COOPERATIVE ASSOCIATIONS



(The following statement by Secretary of Agriculture Charles F. Brannan was submitted to the House Ways and Means Committee in connection with recent hearings on the Tax Status of Cooperatives. The statement was submitted voluntarily by Secretary Brannan with permission of the Chairman of the Committee and is made available by agreement with the Committee:)

The Department of Agriculture opposes any change in the tax status of farmer cooperatives, and any change in section 101 of the Internal Revenue Code relative to such cooperatives, for the following reasons:

1. It would represent a fundamental change in public policy toward farmer cooperatives.
2. According to estimates made by the Treasury Department, the amount of income taxes that could be expected from any change in section 101 respecting farmer cooperatives would result in only a little additional revenue.
3. Farmer cooperative associations, although incorporated, are in the nature of economic partnerships. No partnership is required to pay income taxes -- the taxes are paid by the individual partners.
4. All patronage dividends or refunds distributed by marketing or purchasing cooperatives, whether in the form of cash, certificates, or book credits, must be accounted for by the farmers in their income tax returns.
5. A change in the tax status of farmer cooperatives would be regarded by millions of farm families as a forerunner of more drastic changes that might seriously undermine the entire cooperative structure and adversely affect the entire agricultural industry.
6. The existing tax status of farmer cooperatives is an aid to agriculture and is fully justified in the public interest.

It must be recognized that a change in the tax status of cooperatives has long been advocated by those whose real objective is to destroy cooperatives through the discriminatory taxation of so-called earnings or amounts distributed by cooperatives as patronage refunds. This is what the National Tax Equality Association and its affiliates would like to do.

There is of course no legal or moral basis for taxing patronage dividends or refunds. These belong to farmers as a result of (2) underpayments by a marketing cooperative to the agricultural producers who market their products through the cooperative, or (b) overpayments made by the patrons of a purchasing or service cooperative. The law is now well established that any organization, cooperative or otherwise; that is under a legally binding contractual obligation to pay patronage dividends or refunds may exclude them in computing its income tax liability. This is true because the contractual obligation prevents the amounts in question from ever having the status of income, and income taxes may be required under the 16th Amendment only on income.

The patronage dividends or refunds are not and cannot be income to the cooperative any more than trade discounts or rebates are income to an ordinary corporation. Just as trade discounts and rebates are reflected in increased income of the recipients through decreased costs of doing business, so too are patronage refunds reflected in the increased income of cooperative patrons either through a decrease in the cost of doing business or an increase in the prices received for the members' products.

These increased incomes to the recipients are of course subject to Federal income taxes. It should be noted that any business concern desiring to do so may by appropriate contracts with its customers place itself in a status comparable to that of a cooperative insofar as the exclusion of patronage dividends or refunds in computing income taxes is concerned. In this connection, there follows a quotation from a document entitled "The Taxation of Farmers' Cooperative Associations," issued by the Treasury Department in October 1947:

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"The exclusion of patronage dividends from corporate gross income is not the exclusive privilege of cooperation (cooperative) associations. Any corporation making payments to its customers under the conditions prescribed by the Commissioner of Internal Revenue and the courts is granted the same treatment. It should be noted, however, that in the case of cooperatives, unlike the case of the typical ordinary corporation, patrons receiving rebates are also the owners of the business.

"The conditions which the cooperative associations must meet if refunds made to their patrons are to be excluded from the gross income of the association may be briefly stated. First, there must have existed at the time of the transaction with the patrons a contractual or other definite obligation on the part of the cooperative to return any net proceeds to him in proportion to patronage without further corporate action. Second, if only members of the association are eligible to receive patronage dividends, exclusion is not allowed on that portion of such distribution which represents profits from transactions with non-members. On the other hand, it is held to be immaterial whether refunds are distributed in the form of cash, stock, certificates of indebtedness, or credit notices. All such forms of payment are regarded as the equivalent of cash distributions in the hands of patrons, the theory being that they are cash payments automatically re-invested under provisions of the charter, by-laws, or other contracts previously agreed to by the patrons." (Underscoring added.)

Discounts paid to customers by any business concern, even though computed on the total volume of business done during a particular year, are excludable in computing the income taxes of the selling concern. Likewise, bonuses paid by any business concern to its officers and employees may be excluded in computing the net taxable income of the concern, although the amount of the bonuses may be computed on the profits made by the business concern during the year.

The cooperative practice of operating on the basis of current market prices and distributing to patrons any savings realized through the cooperative method of operation is basic to the cooperative way of doing business. Many farmers elect to leave these savings in their cooperatives as capital because this is the only effective method by which they can finance the development of their own service associations into successful businesses able to play an effective part in our free-enterprise system.

Many marketing cooperatives, for example, authorize the deduction of certain amounts from the sale proceeds derived from their products to be retained  
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by their cooperative associations as capital. It is elementary of course that capital furnished any corporation is not income, and therefore not taxable as income to the corporation.

We feel that any attempt to change the tax status of cooperative associations might tend to arrest the further growth of farmers' marketing, purchasing, service and rural electric cooperatives, and detrimentally affect the financial structure of many farmer cooperatives. Such a change might also reduce the efficiency of cooperatives as an effective force for combating monopolies. Generally speaking, it is the smaller farmers who most need cooperatives in order to compete successfully in a world of concentrated economic power. A change in the tax status of cooperatives, particularly at this time of falling agricultural prices, could only adversely affect the preserving of the family-type farm.

On February 23, 1950, witnesses representing farm organizations and agricultural cooperative associations vigorously opposed any change in the tax status of agricultural cooperatives. However, the General Counsel of the American Farm Bureau Federation made two suggestions respecting the tax status of farmer cooperatives on which I feel obliged to comment adversely.

On page 5 of the mimeographed statement, he said:

"In 1947, a representative of our organization appeared before this Committee and gave testimony along the lines of this statement and suggested that the situation could be improved by administrative regulations. This, we understand, has been done. If there is any question as to the adequacy of the regulation relative to the earmarking of accumulated reserves, this could be clarified easily by the insertion of a short sentence in section 101 (12)." (Underscoring added.)

The General Counsel of the Farm Bureau was apparently unaware of action that the Bureau of Internal Revenue has taken in this connection. In the "application" for exemption (Form 1028 of the Bureau of Internal Revenue, as revised January 1947) that must be submitted by an association desirous of obtaining a "letter of exemption," the following question must be answered:

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"18 (d) If any portion of the net earnings was set aside in a reserve or surplus, or was used to acquire capital assets, or to reduce indebtedness thereon, was such portion allocated on the records to all patrons on a patronage basis? \_\_\_\_\_ "

(Yes or no)

It is our understanding that if an association is not earmarking reserves or allocating them and is not under a mandatory obligation to do so, the Bureau of Internal Revenue will now deny exemption. Therefore, this point has apparently been met.

The General Counsel also stated that:

"It has been suggested that an exemption comparable in effect to the \$75,000 gross income exemption provided mutual fire and casualty insurance companies under Section 101 (11) be granted to small farmer cooperatives which meet all requirements of Section 101 (12) except the earmarking of accumulated surpluses and reserves. We believe that this suggestion is worthy of careful consideration by the Committee."

We believe this suggestion is devoid of merit. The terms and conditions for the exemption of "mutual fire and casualty insurance companies under Section 101 (11)" are quite unlike those an agricultural cooperative must meet under Section 101 (12).

The General Counsel, however, made it plain that the American Farm Bureau Federation was vigorously opposed to the taxing of patronage dividends or refunds in the hands of cooperatives. On page 6 of his statement, he said:

"There are those who would exclude from taxation of farmer cooperatives the cash patronage dividends but require inclusion of non-cash patronage dividends in the taxable income of the cooperative. It is clear from the resolution of the American Farm Bureau Federation that the organization will oppose aggressively such a proposal." (Underscoring added.)

In other words, the American Farm Bureau Federation agrees with the other farm organizations in being opposed to taxing patronage dividends or refunds of cooperative associations, regardless of the form in which they are paid.

The battle being waged by the National Tax Equality Association and its affiliates is really over the question of who will market the products of farmers and who will furnish them with supplies and services. They are not concerned with

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the preservation of the family-type farm, nor with real tax equality. They want to make it more difficult for farmers to market their own products and buy their own supplies. They and their supporters want to go back thirty years and establish for themselves through the imposition of unfair taxes a more lucrative field for middlemen.

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